

DFA - REVENUE SERVICES DIVISION

Enabling Laws

Act 117 of 2016

Arkansas Code Annotated:

§2-8-101 et seq.	§2-20-101 et seq.	§2-35-101 et seq.
§2-40-101 et seq.	§3-4-201 et seq.	§3-5-101 et seq.
§3-7-101 et seq.	§3-9-101 et seq.	§8-7-901
§8-7-908	§8-9-402 et seq.	§14-164-101
§15-4-1001 et seq.	§15-4-1201 et seq.	§15-4-1508
§15-4-1602	§15-4-1701 et seq.	§15-4-1901 et seq.
§15-5-1301 et seq.	§17-21-101 et seq.	§23-113-101 et seq.
§23-114-101 et seq.	§26-5-101 et seq.	§26-17-203
§26-18-101 et seq.	§26-19-101 et seq.	§26-36-301 et seq.
§26-51-101 et seq.	§26-52-101 et seq.	§26-53-101 et seq.
§26-55-101 et seq.	§26-56-101 et seq.	§26-57-201 et seq.
§26-57-901 et seq.	§26-58-101 et seq.	§26-59-101 et seq.
§26-60-101 et seq.	§26-62-101 et seq.	§26-74-101 et seq.
§26-75-101 et seq.	§27-14-101 et seq.	§27-15-101 et seq.
§26-52-301 et seq.	§26-53-126	§27-16-101 et seq.
§27-19-101 et seq.	§27-20-101 et seq.	§27-23-101 et seq.
§27-50-801 et seq.	§27-50-901 et seq.	

Act 555 of 1965, Act 142 of 1949 and Act 134 of 1911

History and Organization

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

laws, license laws and other functions of Revenue Division operations:

1) Office of the Assistant Commissioner for Policy and Legal

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

2) Office of Income Tax

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

3) Office of Field Audit

Act 235 of 1935 gave the Revenue Commissioner the duty of employing Field Auditors and Collectors. The Office is organized into nine sections; Administration, five Audit Districts covering the State, Audit Coordination, Collections and Nexus. The Audit Districts are responsible for performing audits and collection of delinquent taxes in their district. Audit Coordination organizes requests for information and audits between the various tax sections and the Audit Districts. The Collections Section collects delinquent and deficient taxes as well as insufficient fund checks. Act 1151 of 2005, the Local Option Horse Racing and Greyhound Racing Electronic Games of Skill Act added audit responsibilities to Field Audit for games of skill.

4) Office of Motor Vehicle

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

5) Office of Excise Tax Administration

This Office administers tax laws of the State. The Office consists of five sections; Administration, Sales Tax, Motor Fuel Tax, Miscellaneous

Tax and Tax Credits. Sales Tax administers taxes on sales, use, mixed drink and beverage excise for State and Local governments. Motor Fuel administers taxes on motor fuel. Miscellaneous Tax administers various tax laws such as cigarette, real estate transfer, amusement, vending and severance. Tax Credits administers the various tax credit programs. Act 388 of 2007, the Charitable Bingo and Raffles Enabling Act, added the tax administration of Bingo and Raffles to the office.

6) Office of Driver Services

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

7) Office of Assistant Commissioner for Operations and Administration

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

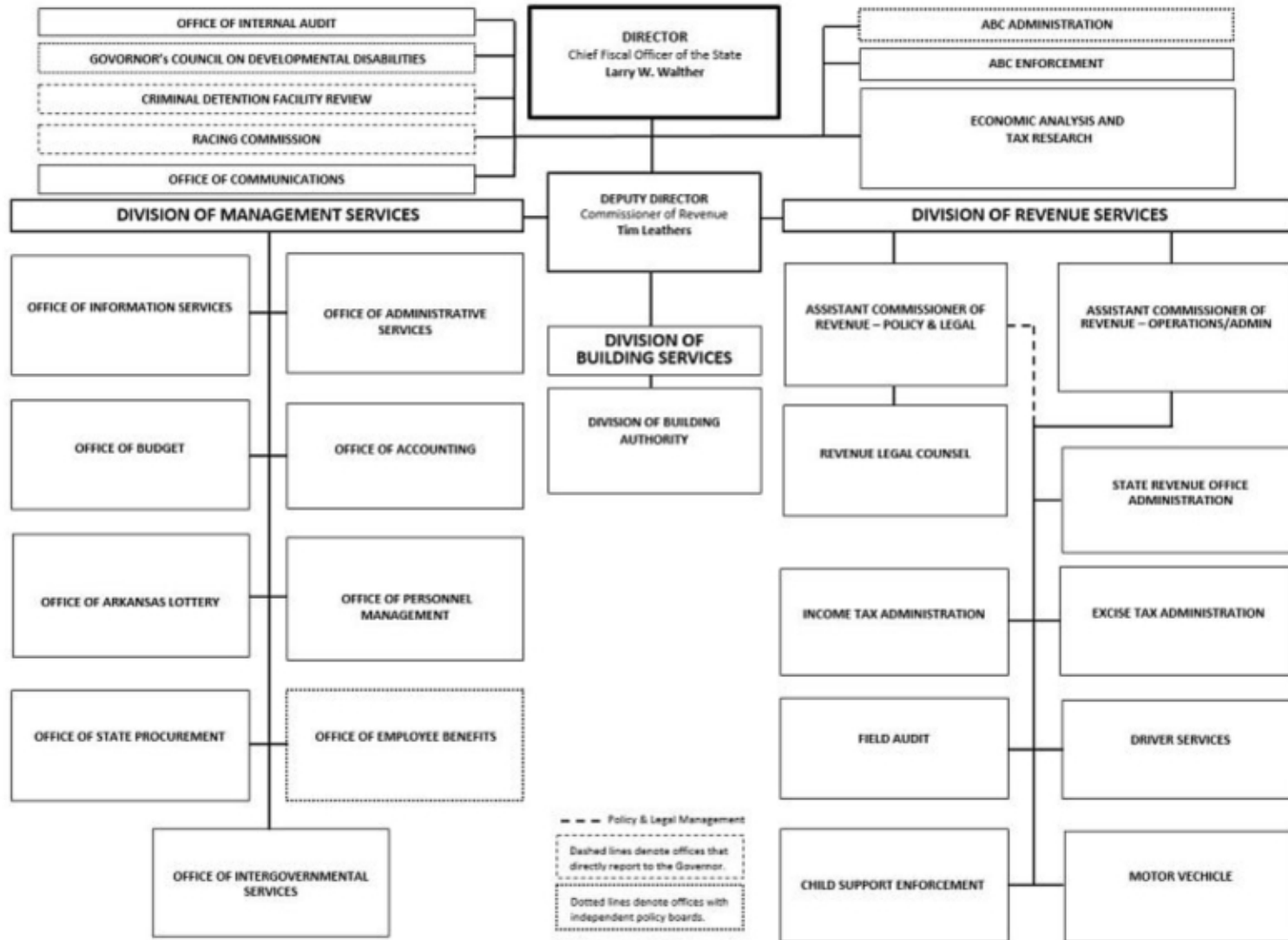
8) Office of Revenue Legal Counsel

This Office provides legal counsel for the Revenue Division and the operating offices of the Revenue Division. It represents the Division in litigation involving taxes, fees, licenses and programs administered by the Division.

9) Office of State Revenue Office Administration

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

ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION



Agency Commentary

DFA Revenue Services Division is funded primarily from the State Central Services Fund and collects taxes, assures taxpayer compliance with the revenue laws of the State, maintains driver history records and titles and licenses motor vehicles. Fees are also collected for the Commercial Driver's License Program and dedicated as special revenue to support this program.

Sections of the Revenue Services Division include the following offices:

- Assistant Commissioner for Operations, Administration, Policy and Legal
- Revenue Legal Counsel
- Income Tax
- Field Audit
- Motor Vehicle
- Excise Tax Administration
- Driver Services / Commercial Driver's License
- State Revenue Office Administration

The Revenue Division is requesting the transfer of 3 positions to Agency 0610 - DFA Management Services - Office of Information Systems (OIS). These positions are functional and technical IT positions and in a consolidation effort moved Cash Control Scanning Operations into OIS Imaging Section; reduction of \$151,247 each year. (281 - State Central Services)

The agency is also requesting a reduction of 35 currently authorized positions from 1,501 currently authorized positions; reduction of \$1,129,722 each year. The positions no longer need to be utilized due to efficiencies of the agency. (281 - State Central Services)

Several Operating Expenses have increased over the years and the Revenue Division continues to absorb these increases by adjusting the budget in several areas. One increase being requested to re-authorize Capital Outlay for replacement of 20 aging and high mileage vehicles each year; \$500,000 for FY18 and FY19. (281 - State Central Services)

Lastly, an increase of \$2,000,000 each year is needed in the Commercial Drivers License Program appropriation to cover anticipated cost increase associated with a new contract for a Drivers License Issuance System. An RFP will be done to seek a new vendor. The current vendor will no longer be providing this type of service. (1JN - Commercial Drivers License Fund)

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DFA - REVENUE SERVICES DIVISION
FOR THE YEAR ENDED JUNE 30, 2015

Findings

Recommendations

Audit findings are reported under DFA-Administrative Services.

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Ad Valorem Assessment Return	26-26-1601	N	N	250,000	Statutory requirement to file annual return	0	0.00
Amusement Machine Tax Register	26-57-404	N	N	200	Statutory requirement to register annually	0	0.00
Beauty Pageant Renewal-BPG	17-21-101	N	N	100	Statutory requirement to register annually	0	0.00
Beef Promotion Assessment Report	2-35-401	N	N	1,350	Statutory requirement to file monthly report	0	0.00
Beer Excise Tax Report	3-7-104(6)(A)	N	N	500	Statutory requirement to file monthly report	0	0.00
Bingo Distributor Return-BIN	23-114-101	N	N	3	Statutory requirement to file monthly report	0	0.00
Bingo/Raffle Annual License Renewal-BRR	23-114-101	N	N	500	Statutory requirement to register annually	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Bingo/Raffle Distributor License form- BRR	23-114-101	N	N	500	Statutory requirement to register annually	0	0.00
Brucellosis & Swine Testing Report	2-40-206	N	N	1,000	Statutory requirement to file monthly report	0	0.00
Catfish Feed Assessment Report	Act 790 of 1999	N	N	200	Statutory requirement to file a report on the 15th day following collection	0	0.00
Cigarette Excise Tax Report	26-57-201	N	N	1,000	Statutory requirement to file monthly report	0	0.00
Cigarette Paper Tax Report	26-57-801	N	N	1,000	Statutory requirement to file monthly report	0	0.00
Coin-Operated Vending Tax Register	Act 928 of 1997	N	N	2,000	Statutory requirement to register annually	0	0.00
Construction Permit Fee Report	Act 474 of 1999	N	N	200	Statutory requirement to file a report on the 15th day following collection	0	0.00
Corn & Grain Sorghum Assessment Report	Act 271 of 1997	N	N	200	Statutory requirement to file monthly report	0	0.00
Driver License Renewal Notice	None	N	N	520,000	To remind people when their license expires	0	0.00
Electronic Game of Skill Tax Report-EGS	23-113-501	N	N	2	Statutory requirement to file monthly report	0	0.00
Estimated & Withholding Forms	26-51-806	N	N	155,500	Statutory requirement to file	0	0.00
Gross Receipts Tax Regulations	26-52-105	N	N	15,000	To provide sales and use tax reporting information and guidelines	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
IFTA Quarterly Report	26-55-1102	N	N	25,000	IFTA Agreement requires that all accounts must file a quarterly report	0	0.00
IFTA Renewal Application	26-55-1102	N	N	3,500	IFTA Agreement requires that all accounts must file an annual renewal	0	0.00
Imported Wine Tax Report	3-7-104(4)(5)	N	N	200	Statutory requirement to file monthly report	0	0.00
Income Tax Booklet	26-51-806	N	N	405,000	Statutory requirement to file annual return	0	0.00
Liquor Excise Tax Report	3-7-104	N	N	500	Statutory requirement to file monthly report	0	0.00
LPG Renewal Application	26-56-304	N	N	1,200	Required by the Motor Fuel Tax Law	0	0.00
Moving to Arkansas	None	N	N	1,000	Help new residents understand their tax obligations	0	0.00
Native Wine Tax Report	3-5-409	N	N	100	Statutory requirement to file monthly report	0	0.00
Natural Gas Purchaser Report-NGS	26-58-116	N	N	500	Statutory requirement to file monthly report	0	0.00
Natural Gas Severance Producer Report-NGS	26-58-115	N	N	500	Statutory requirement to file monthly report	0	0.00
Oil & Brine Museum Fund Report	26-58-302	N	N	300	Statutory requirement to file monthly report	0	0.00
Property Tax Refund Claim Form	26-51-601	N	N	150,000	Statutory requirement to file a claim for refund annually	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Registration Renewal Notice	27-14-1014	N	N	1,975,000	Required by law to notify owner of expiration	0	0.00
Rice Promotion Assessment Report	2-20-507	N	N	1,600	Statutory requirement to file monthly report	0	0.00
Sales & Use Tax Reporting Form	26-52-105	N	N	131,800	Statutory Requirement to file monthly/quarterly/annual report	0	0.00
Severance Tax Report	26-58-111	N	N	6,000	Statutory requirement to file monthly report	0	0.00
Soft Drink Assessment Report	26-57-901	N	N	2,500	Statutory requirement to file monthly report	0	0.00
Soybean Promotion Assessment Report	2-20-406	N	N	2,500	Statutory requirement to file monthly report	0	0.00
Starting a New Business	None	N	N	1,000	Provide business operators with a source of information concerning state business tax obligations	0	0.00
Telecommunications Tax Report-TEL	23-17-119	N	N	100	Statutory requirement to file monthly report	0	0.00
Timber Processing Tax	26-58-111	N	N	5,000	Statutory requirement to file monthly report	0	0.00
Tobacco Excise Tax Report	26-57-201	N	N	1,000	Statutory requirement to file monthly report	0	0.00
Vehicle Certificate of Title	27-14-713	N	N	1,000,000	Required by law to convey ownership	0	0.00
Vehicle Registration Certificate	27-14-713	N	N	2,500,000	Required by law to be carried in vehicle	0	0.00

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Waste Tire Assessment Report	23-3-510	N	N	20,000	Statutory requirement to file monthly report	0	0.00
Wheat Promotion Assessment Report	2-20-606	N	N	2,000	Statutory requirement to file monthly report	0	0.00

ARKANSAS PLANNING BUDGETING & ADMINISTRATIVE SYSTEM
STATE CONTRACTS OVER \$50,000 AWARDED TO MINORITY OWNED BUSINESSES
Fiscal Year 2016
Required by A.C.A. 25-36-104

AGENCY: 0630 DFA - REVENUE SERVICES DIVISION

Minority Business	Total Contract Awarded	Minority Type per A.C.A. 15-4-303 (2)					
		African American	Hispanic American	American Indian	Asian American	Pacific Islander American	Disabled Veteran
Goddess Products, Inc.	\$226,536	X					
Various Janitorial Contracts	\$220,534	X					

TOTAL NUMBER OF MINORITY CONTRACTS AWARDED 2

TOTAL EXPENDITURES FOR CONTRACTS AWARDED \$17,551,682

% OF MINORITY CONTRACTS AWARDED 0.75 %

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2015-2016		2016-2017		2016-2017		2017-2018					2018-2019						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
1JN Commercial Drivers License Program	325,939	10	2,777,370	10	2,777,370	10	2,748,203	10	4,748,203	10	4,748,203	10	2,749,064	10	4,749,064	10	4,749,064	10
236 Individual Income Tax & Ad Valorem Property T	367,934,892	0	680,000,000	0	680,000,000	0	680,000,000	0	680,000,000	0	680,000,000	0	680,000,000	0	680,000,000	0	680,000,000	0
237 Corporate Income Tax	68,943,739	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0	200,000,000	0
239 Gasoline Tax Refunds	24,362	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0	1,500,000	0
240 Interstate Motor Fuel Tax Refunds	312,315	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0	20,000,000	0
241 Miscellaneous Tax Refunds	104,875,001	0	260,000,000	0	260,000,000	0	260,000,000	0	260,000,000	0	260,000,000	0	260,000,000	0	260,000,000	0	260,000,000	0
281 Revenue Services Division - Operations	91,804,403	1,450	99,854,074	1,491	99,854,074	1,491	98,861,117	1,491	98,079,848	1,453	98,079,848	1,453	98,930,867	1,491	98,149,598	1,453	98,149,598	1,453
F10 MV Special Plates	2,230,963	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0
M50 Revenue Miscellaneous Cash	5,454,198	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0	5,000,000	0
Total	641,905,812	1,460	1,273,131,444	1,501	1,273,131,444	1,501	1,272,109,320	1,501	1,273,328,051	1,463	1,273,328,051	1,463	1,272,179,931	1,501	1,273,398,662	1,463	1,273,398,662	1,463

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance	4000005	12,015,760	1.9	6,282,306	0.5		6,004,936	0.5	6,004,936	0.5	6,004,936	0.5	3,756,733	0.3	3,756,733	0.3
Special Revenue	4000030	2,558,138	0.4	2,500,000	0.2		500,000	0.0	2,500,000	0.2	2,500,000	0.2	500,000	0.0	2,500,000	0.2
State Central Services	4000035	91,804,403	14.2	99,854,074	7.8		98,861,117	7.7	98,079,848	7.7	98,079,848	7.7	98,930,867	7.8	98,149,598	7.7
Cash Fund	4000045	7,685,161	1.2	9,000,000	0.7		9,000,000	0.7	9,000,000	0.7	9,000,000	0.7	9,000,000	0.7	9,000,000	0.7
Tax Refunds	4000485	542,090,309	83.6	1,161,500,000	90.8		1,161,500,000	91.0	1,161,500,000	90.9	1,161,500,000	90.9	1,161,500,000	91.2	1,161,500,000	91.1
Transfer from St Central Srvs	4000575	(7,965,653)	(1.2)	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		648,188,118	100.0	1,279,136,380	100.0		1,275,866,053	100.0	1,277,084,784	100.0	1,277,084,784	100.0	1,273,687,600	100.0	1,274,906,331	100.0
Excess Appropriation/(Funding)		(6,282,306)		(6,004,936)			(3,756,733)		(3,756,733)		(3,756,733)		(1,507,669)		(1,507,669)	
Grand Total		641,905,812		1,273,131,444			1,272,109,320		1,273,328,051		1,273,328,051		1,272,179,931		1,273,398,662	

M50 - Actual exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.

Special Language authorizes the Chief Fiscal Officer of the State at end of the fiscal year to transfer into the State Central Services Fund the excess of the Commercial Driver License Fund funds over an amount equal to the three (3) most recent fiscal year budgets of the Commercial Driver License Fund to defray state support for related purposes, including but not limited to personal services and operating expenses, as required to carry out the functions, powers and duties of the Revenue Division.

Agency Position Usage Report

FY2014 - 2015						FY2015 - 2016						FY2016 - 2017					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
1,480	1377	103	1480	0	6.96 %	1,501	1325	176	1501	0	11.73 %	1,501	1331	170	1501	0	11.33 %

Analysis of Budget Request

Appropriation: 1JN - Commercial Drivers License Program

Funding Sources: SDL - Commercial Driver License Fund

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

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for the biennium is \$2,748,203 in FY18 and \$2,749,064 in FY19.

The Agency is requesting a change level of \$2,000,000 each year in the Commercial Drivers License Program appropriation to cover anticipated cost increase associated with a new contract for a Drivers License Issuance System. An RFP will be done to seek a new vendor. The current vendor will no longer be providing this type of service.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 1JN - Commercial Drivers License Program

Funding Sources: SDL - Commercial Driver License Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	225,602	305,561	305,561	280,809	280,809	280,809	281,509	281,509	281,509
#Positions		10	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	100,295	119,457	119,457	115,042	115,042	115,042	115,203	115,203	115,203
Operating Expenses	5020002	42	2,352,352	2,352,352	2,352,352	4,352,352	4,352,352	2,352,352	4,352,352	4,352,352
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	0	0	0	0	0	0	0	0
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		325,939	2,777,370	2,777,370	2,748,203	4,748,203	4,748,203	2,749,064	4,749,064	4,749,064
Funding Sources										
Fund Balance	4000005	12,015,760	6,282,306		6,004,936	6,004,936	6,004,936	3,756,733	3,756,733	3,756,733
Special Revenue	4000030	2,558,138	2,500,000		500,000	2,500,000	2,500,000	500,000	2,500,000	2,500,000
Transfer to State Central Srvs	4000575	(7,965,653)	0		0	0	0	0	0	0
Total Funding		6,608,245	8,782,306		6,504,936	8,504,936	8,504,936	4,256,733	6,256,733	6,256,733
Excess Appropriation/(Funding)		(6,282,306)	(6,004,936)		(3,756,733)	(3,756,733)	(3,756,733)	(1,507,669)	(1,507,669)	(1,507,669)
Grand Total		325,939	2,777,370		2,748,203	4,748,203	4,748,203	2,749,064	4,749,064	4,749,064

Special Language authorizes the Chief Fiscal Officer of the State at end of the fiscal year to transfer into the State Central Services Fund the excess of the Commercial Driver License Fund funds over an amount equal to the three (3) most recent fiscal year budgets of the Commercial Driver License Fund to defray state support for related purposes, including but not limited to personal services and operating expenses, as required to carry out the functions, powers and duties of the Revenue Division.

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,748,203	10	2,748,203	100.0	2,749,064	10	2,749,064	100.0
C08	Technology	2,000,000	0	4,748,203	172.8	2,000,000	0	4,749,064	172.8

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	2,748,203	10	2,748,203	100.0	2,749,064	10	2,749,064	100.0
C08	Technology	2,000,000	0	4,748,203	172.8	2,000,000	0	4,749,064	172.8

Justification

C08	Request is in anticipation of increased cost of new contract for a Drivers License Issuance System. An RFP will be done to seek a new vendor. The current vendor will no longer be providing this type of service. In current approved biennial technology plan, Major Applications tab.
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Analysis of Budget Request

Appropriation: 236 - Individual Income Tax & Ad Valorem Property Tax Rebates

Funding Sources: TGI - Individual Income Tax Withholding Fund

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

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

The Agency is requesting Base Level of \$680,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 236 - Individual Income Tax & Ad Valorem Property Tax Rebates

Funding Sources: TGI - Individual Income Tax Withholding Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	367,934,892	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000
Total	367,934,892	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000
Funding Sources									
Tax Refunds 4000485	367,934,892	680,000,000		680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000
Total Funding	367,934,892	680,000,000		680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	367,934,892	680,000,000		680,000,000	680,000,000	680,000,000	680,000,000	680,000,000	680,000,000

Analysis of Budget Request

Appropriation: 237 - Corporate Income Tax

Funding Sources: TGC - Corporate Income Tax Withholding Fund

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

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

The Agency is requesting Base Level of \$200,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 237 - Corporate Income Tax

Funding Sources: TGC - Corporate Income Tax Withholding Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2017-2018			2018-2019		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	68,943,739	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total		68,943,739	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Funding Sources										
Tax Refunds	4000485	68,943,739	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Total Funding		68,943,739	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		68,943,739	200,000,000		200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000

Analysis of Budget Request

Appropriation: 239 - Gasoline Tax Refunds

Funding Sources: TBC - Gasoline Tax Refund Fund

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

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

The Agency is requesting Base Level of \$1,500,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 239 - Gasoline Tax Refunds

Funding Sources: TBC - Gasoline Tax Refund Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	24,362	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total	24,362	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Funding Sources									
Tax Refunds 4000485	24,362	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding	24,362	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	24,362	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

Analysis of Budget Request

Appropriation: 240 - Interstate Motor Fuel Tax Refunds

Funding Sources: TBB - Interstate Motor Fuel Tax Refund Fund

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

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

The Agency is requesting Base Level of \$20,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 240 - Interstate Motor Fuel Tax Refunds

Funding Sources: TBB - Interstate Motor Fuel Tax Refund Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	312,315	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total	312,315	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Funding Sources									
Tax Refunds 4000485	312,315	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding	312,315	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	312,315	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000

Analysis of Budget Request

Appropriation: 241 - Miscellaneous Tax Refunds

Funding Sources: MTA - Miscellaneous Revolving Fund

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

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

The Agency is requesting Base Level of \$260,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 241 - Miscellaneous Tax Refunds

Funding Sources: MTA - Miscellaneous Revolving Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	104,875,001	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000
Total	104,875,001	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000
Funding Sources									
Tax Refunds 4000485	104,875,001	260,000,000		260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000
Total Funding	104,875,001	260,000,000		260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	104,875,001	260,000,000		260,000,000	260,000,000	260,000,000	260,000,000	260,000,000	260,000,000

Analysis of Budget Request

Appropriation: 281 - Revenue Services Division - Operations

Funding Sources: HSC - State Central Services

This State Central Services funded appropriation provides for the operation of the Department of Finance and Administration - Revenue Services Division which collects taxes, assures taxpayer compliance with the revenue laws of the State, maintains driver history records and titles and licenses motor vehicles. Sections of the Revenue Services Division include the following offices:

- Assistant Commissioner for Operations and Administration
- Assistant Commissioner for Policy and Legal
- Revenue Legal Counsel
- Income Tax
- Field Audit
- Motor Vehicle
- Excise Tax Administration
- Driver Services
- State Revenue Office Administration

Base Level Regular Salaries and Personal Services Matching include the continuation of the previously authorized 2017 Salaries and Career Service Payments for eligible employees. Personal Services Matching includes the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

Base Level for the biennium is \$98,861,117 in FY18 and \$98,930,867 for FY19.

The Revenue Division is requesting the following:

- Regular Salaries and Personal Services Matching reduction of (\$1,281,269) each year for the transfer of 3 positions to Agency 0610 - DFA Management Services - Office of Information Systems (OIS) and the reduction of 35 currently authorized positions from 1,491 authorized positions that no longer need to be utilized due to efficiencies of the agency. The transferred positions are functional and technical IT positions and in a consolidation effort moved Cash Control Scanning Operations into OIS Imaging Section.
- Re-authorize Capital Outlay of \$500,000 each year for replacement of 20 aging and high mileage vehicles.

The Executive Recommendation provides for the Agency Request.

The Executive Recommendation provides for the Agency Request for Capital Outlay to replace aging, high mileage vehicles in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 281 - Revenue Services Division - Operations

Funding Sources: HSC - State Central Services

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	2017-2018			2018-2019		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	48,929,936	51,986,806	51,986,806	51,254,534	50,368,708	50,368,708	51,311,234	50,425,408	50,425,408
#Positions		1,450	1,491	1,491	1,491	1,453	1,453	1,491	1,453	1,453
Extra Help	5010001	42,209	564,466	564,466	564,466	564,466	564,466	564,466	564,466	564,466
#Extra Help		6	221	221	221	221	221	221	221	221
Personal Services Matching	5010003	18,444,693	19,336,168	19,336,168	19,387,483	18,992,040	18,992,040	19,400,533	19,005,090	19,005,090
Overtime	5010006	1,722	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Operating Expenses	5020002	23,701,754	27,232,184	27,232,184	27,232,184	27,232,184	27,232,184	27,232,184	27,232,184	27,232,184
Conference & Travel Expenses	5050009	71,515	115,450	115,450	115,450	115,450	115,450	115,450	115,450	115,450
Professional Fees	5060010	29,466	157,000	157,000	157,000	157,000	157,000	157,000	157,000	157,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	4,185	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Capital Outlay	5120011	578,923	312,000	312,000	0	500,000	500,000	0	500,000	500,000
Total		91,804,403	99,854,074	99,854,074	98,861,117	98,079,848	98,079,848	98,930,867	98,149,598	98,149,598
Funding Sources										
State Central Services	4000035	91,804,403	99,854,074		98,861,117	98,079,848	98,079,848	98,930,867	98,149,598	98,149,598
Total Funding		91,804,403	99,854,074		98,861,117	98,079,848	98,079,848	98,930,867	98,149,598	98,149,598
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		91,804,403	99,854,074		98,861,117	98,079,848	98,079,848	98,930,867	98,149,598	98,149,598

Actual exceeds Authorized Appropriation in Capital Outlay due to a transfer from DFA Motor Vehicle Acquisition.

Change Level by Appropriation

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

Agency Request

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	98,861,117	1,491	98,861,117	100.0	98,930,867	1,491	98,930,867	100.0
C01	Existing Program	500,000	0	99,361,117	100.5	500,000	0	99,430,867	100.5
C03	Discontinue Program	(1,129,722)	(35)	98,231,395	99.4	(1,129,722)	(35)	98,301,145	99.4
C07	Agency Transfer	(151,547)	(3)	98,079,848	99.2	(151,547)	(3)	98,149,598	99.2

Executive Recommendation

Change Level		2017-2018	Pos	Cumulative	% of BL	2018-2019	Pos	Cumulative	% of BL
BL	Base Level	98,861,117	1,491	98,861,117	100.0	98,930,867	1,491	98,930,867	100.0
C01	Existing Program	500,000	0	99,361,117	100.5	500,000	0	99,430,867	100.5
C03	Discontinue Program	(1,129,722)	(35)	98,231,395	99.4	(1,129,722)	(35)	98,301,145	99.4
C07	Agency Transfer	(151,547)	(3)	98,079,848	99.2	(151,547)	(3)	98,149,598	99.2

Justification

C01	Re-authorize Capital Outlay for replacement of 20 aging and high mileage vehicles each year; \$500,000 for FY18 and FY19.
C03	Reduction of 35 Base Level positions. The positions no longer need to be utilized due to efficiencies of the agency.
C07	The Revenue Division is transferring 3 positions to Agency 0610 - DFA Management Services - Office of Information Systems (OIS). These positions are functional and technical IT positions and in a consolidation effort moved Cash Control Scanning Operations into OIS Imaging Section.

Analysis of Budget Request

Appropriation: F10 - MV Special Plates

Funding Sources: NMV - MV Special Plates - Cash in Treasury

The installation of the Cash Management System (CMS) / Arkansas Integrated Revenue System (AIRS) has provided additional opportunities to change business processes to allow better internal controls to safeguard state assets. This appropriation was set up to make the necessary changes in the business processes for disbursing the Motor Vehicle Special License Plates fees to the proper entities.

The Agency is requesting Base Level of \$4,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: F10 - MV Special Plates
Funding Sources: NMV - MV Special Plates - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item	Historical Data			2017-2018			2018-2019		
	2015-2016 Actual	2016-2017 Budget	2016-2017 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
MV Special Plates-Administrative 5900046	2,230,963	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total	2,230,963	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Funding Sources									
Cash Fund 4000045	2,230,963	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Funding	2,230,963	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	2,230,963	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Analysis of Budget Request

Appropriation: M50 - Revenue Miscellaneous Cash

Funding Sources: NMV - Cash In Treasury (IRP/UCR Fees, Prepaid E911 Service Charge)

The Department of Finance and Administration, Revenue Services Division receives and collects fees from the International Registration Plan (IRP) , Unified Carrier Registration (UCR) and E911 Service Charge. The majority of fees and service charges are distributed to other entities for distribution and other purposes as authorized by law.

The Agency is requesting Base Level of \$5,000,000 each year of the 2017-2019 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: M50 - Revenue Miscellaneous Cash

Funding Sources: NMV - Cash In Treasury (IRP/UCR Fees, Prepaid E911 Service Charge)

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2015-2016	2016-2017	2016-2017	2017-2018			2018-2019		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Distribution of Fees / Service Ch: 5900046	5,454,198	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total	5,454,198	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Funding Sources									
Cash Fund 4000045	5,454,198	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Funding	5,454,198	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	5,454,198	5,000,000		5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000

Actual exceeds Authorized Appropriation due to a transfer from the Cash Fund Holding Account.