

# DFA - REVENUE SERVICES DIVISION

## Enabling Laws

Act 800 of 2007  
Act 1496 of 2007

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: one for the Assistant Commissioner, another for Hearings and Appeals and lastly 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

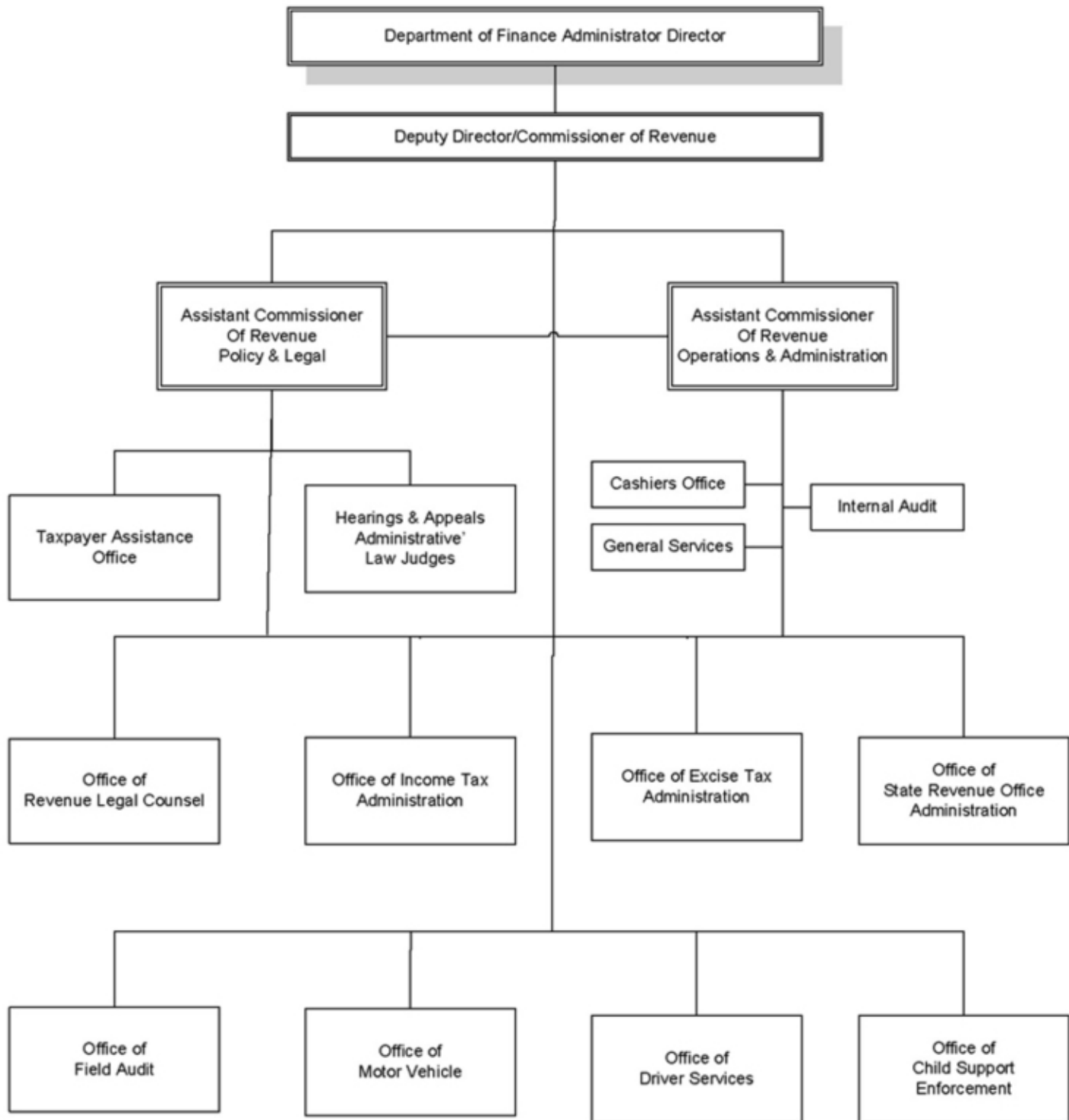
This Office consists of three sections; Office of the Assistant Commissioner, Cashier and General Services. The Cashier section prepares deposits of all monies for deposit with the State Treasurer. The General Services section is responsible for audits all State Revenue Offices, reconciles bank accounts 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.



## **Agency Commentary**

The Revenue Division seeks to restore 36 positions: 8 in the State Revenue Offices, 6 in the Office of Income Tax, 5 in the Office of Excise Tax, 7 in the Office of Motor Vehicles, 2 in the Office of Assistant Commissioner of Revenue for Operations and Administration, 3 in the Office of Driver Services, 4 in the Office of Field Audit, and 1 in Commercial Drivers License. These positions all support the collection of general and special revenue or in the regulation and licensing of drivers and motor vehicles. Severe shortages of positions throughout the Revenue Division resulting in reduced or slower collection of revenue and the reduction of service in licensing drivers and motor vehicles will result if these positions are not restored.

The Division is requesting 30 additional positions; 16 for State Revenue Offices and 14 for the Office of Field Audit. The 16 positions for State Revenue Offices would allow for 11 Taxpayer Service Reps in the Northwest district and 5 Taxpayer Service Reps one to each remaining Revenue Office districts: Northeast, Central, Southwest and Southeast. The Revenue Offices are currently using a number of extra help positions to maintain services and the current staff is unable to meet the population growth demands and provide adequate and timely service without additional staff. The 14 for the Office of Field Audit would allow 4 positions for coverage of extra hours of operation in the Electronic gaming; 5 positions for increasing audits for the natural gas severance tax that was adopted by the legislature in Act 5 of the 1<sup>st</sup> Extraordinary Session of 2007, A.C.A. §26-58-101; 3 positions to allow placement in each district freeing auditors from routine clerical duties so they can spend more time on audits producing additional revenue; and 2 positions to insure timely collections are made regarding delinquent taxes and bad checks. A reduction in Extra Help appropriation assists in covering a portion of cost of addition positions.

The Revenue Division is also transferring 21 positions to Agency 0610 - DFA Management Services - Office of Information Systems (OIS). 14 Information Technology (IT) positions are currently in the Office of Driver Services, 6 in Arkansas Integrated Revenue System and 1 in Commercial Drivers License. OIS supports the Integrated Revenue System and DFA's centralized in-house scanning and indexing. The transfer of positions will allow for consolidation of all information technology positions into one IT office.

The Revenue Division requests \$2,639,680 in FY10 and \$2,646,984 in FY11 for Maintenance and Operations in the Operations Appropriation (281). The Operating Expenses include increases in postage, rent, fuel, mileage, photographic supplies for drivers' licenses and IDs, additional license plate costs due to an increase in replacement of current plates, and rising printing costs. Also included in Operating Expenses is a reallocation from Data Processing to properly classify contractual services. The Capital Outlay request is for replacement of 29 aging and high mileage vehicles, replacement phone equipment at two locations and replacement furniture in the Ragland building.

The Division is also requesting new Special Language to employ one or more certified law enforcement officers to provide security for Department buildings, grounds, property, employees and customers.

The Revenue Division also requests in the Commercial Drivers License Appropriation (1JN) a reallocation from Data Processing to Operating Expenses to properly classify expenditures for network services.

In conclusion, increases in appropriation only are requested in various of the tax refund appropriations to allow sufficient appropriation to process refunds.

## Audit Findings

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF FINANCIAL AND MANAGEMENT SERVICES – CASHIER SECTION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF FIELD AUDIT – COLLECTION SECTION

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION - CORPORATION INCOME TAX SECTION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF DRIVER SERVICES

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – INDIVIDUAL INCOME TAX SECTION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF REVENUE LEGAL COUNSEL  
FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – MISCELLANEOUS TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – MOTOR FUEL TAX SECTION  
FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION  
REVENUE DIVISION – OFFICE OF MOTOR VEHICLE  
FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF FINANCE AND ADMINISTRATION – REVENUE DIVISION  
 EXPENDITURES

FOR THE YEAR ENDED JUNE 30, 2006

Findings	Recommendations
<p>Thirty pieces of equipment totaling \$75,521 were selected for observation, and 3 items valued at \$9,402 could not be located. The missing items were disposed of in previous years. The Agency performed an annual observation of equipment; however, controls to ensure that appropriate adjustments and corrections were made to the fixed asset records in a timely manner were not adequate.</p>	<p>Keep equipment records maintained on a current basis.</p>

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 DEPARTMENT OF FINANCE AND ADMINISTRATION  
 REVENUE DIVISION – SALES AND USE TAX SECTION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
<p>None</p>	<p>None</p>

DIVISION OF LEGISLATIVE AUDIT  
 AUDIT OF :  
 ARKANSAS REVENUE DEPARTMENT BUILDING COMMISSION

FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
<p>None</p>	<p>None</p>

**Employment Summary**

	Male	Female	Total	%
White Employees	203	754	957	69 %
Black Employees	49	370	419	30 %
Other Racial Minorities	5	12	17	1 %
Total Minorities			436	31 %
Total Employees			1,393	100 %



# Publications

## A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Ad Valorem Assessment Return	26-26-1601	N	N	250,000	Statutory requirement to file annual return
Amusement Machine Tax Register	26-57-404	N	N	200	Statutory requirement to register annually
Beef Promotion Assessment Report	2-35-401	N	N	1,350	Statutory requirement to file monthly report
Beer Excise Tax Report	3-7-104(6)(A)	N	N	500	Statutory requirement to file monthly report
Brucellosis & Swine Testing Report	2-40-206	N	N	1,000	Statutory requirement to file monthly report
Catfish Feed Assessment Report	Act 790 of 1999	N	N	200	Statutory requirement to file a report on the 15th day following collection
Cigarette Excise Tax Report	26-57-201	N	N	1,000	Statutory requirement to file monthly report
Cigarette Paper Tax Report	26-57-801	N	N	1,000	Statutory requirement to file monthly report
Coin-Operated Vending Tax Register	Act 928 of 1997	N	N	2,000	Statutory requirement to register annually
Construction Permit Fee Report	Act 474 of 1999	N	N	200	Statutory requirement to file a report on the 15th day following collection
Corn & Grain Sorghum Assessment Report	Act 271 of 1997	N	N	200	Statutory requirement to file monthly report
Corporation Income Tax	26-51-806	N	N	30,000	Required by law
Driver License Renewal Notice	None	N	N	520,000	To remind people when their license expires
Estimated & Withholding	26-51-806	N	N	110,000	Required by law
Gross Receipts Tax Regulations	26-52-105	N	N	15,000	To provide sales and use tax reporting information and guidelines
IFTA Quarterly Report	26-55-1102	N	N	25,000	IFTA Agreement requires that all accounts must file a quarterly report
IFTA Renewal Application	26-55-1102	N	N	3,500	IFTA Agreement requires that all accounts must file an annual renewal
Imported Wine Tax Report	3-7-104(4)(5)	N	N	200	Statutory requirement to file monthly report
Income Tax Booklet	26-51-806	N	N	712,000	Required by law

### A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Liquor Excise Tax Report	3-7-104	N	N	500	Statutory requirement to file monthly report
LPG Renewal Application	26-56-304	N	N	1,200	Required by the Motor Fuel Tax Law
Moving to Arkansas	None	N	N	1,000	Help new residents understand their tax obligations
Native Wine Tax Report	3-5-409	N	N	100	Statutory requirement to file monthly report
Oil & Brine Museum Fund Report	26-58-302	N	N	300	Statutory requirement to file monthly report
Package A	26-51-806	N	N	25,000	Required by law
Property Tax Refund Claim Form	26-51-601	N	N	150,000	Statutory requirement to file a claim for refund annually
Registration Renewal Notice	27-14-1014	N	N	1,975,000	Required by law to notify owner of expiration
Rice Promotion Assessment Report	2-20-507	N	N	1,600	Statutory requirement to file monthly report
Sales & Use Tax Reporting Form	26-52-105	N	N	131,800	Statutory Requirement to file monthly/quarterly/annual report
Severance Tax Report	26-58-111	N	N	6,000	Statutory requirement to file monthly report
Soft Drink Assessment Report	26-57-901	N	N	2,500	Statutory requirement to file monthly report
Soybean Promotion Assessment Report	2-20-406	N	N	2,500	Statutory requirement to file monthly report
Starting a New Business	None	N	N	1,000	Provide business operators with a source of information concerning state business tax obligations
Sub S Booklet	26-51-806	N	N	25,000	Required by law
Taxpayer Notification Cards	26-51-806	N	N	532,000	Required by law
Timber Processing Tax	26-58-111	N	N	5,000	Statutory requirement to file monthly report
Tobacco Excise Tax Report	26-57-201	N	N	1,000	Statutory requirement to file monthly report
Vehicle Certificate of Title	27-14-713	N	N	1,000,000	Required by law to convey ownership

**A.C.A. 25-1-204**

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Vehicle Registration Certificate	27-14-713	N	N	2,500,000	Required by law to be carried in vehicle
Waste Tire Assessment Report	23-3-510	N	N	20,000	Statutory requirement to file monthly report
Wheat Promotion Assessment Report	2-20-606	N	N	2,000	Statutory requirement to file monthly report

## Department Appropriation Summary

### Historical Data

### Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010					2010-2011						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
13N Commercial Drivers License Program	1,610,201	10	1,682,661	9	1,725,586	10	1,705,594	9	1,706,545	9	1,706,545	9	1,713,463	9	1,714,533	9	1,714,533	9
236 Individual Income Tax & Ad Valorem Property T	418,994,311	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0	580,000,000	0
237 Corporate Income Tax	36,146,633	0	65,000,000	0	65,000,000	0	65,000,000	0	100,000,000	0	100,000,000	0	65,000,000	0	100,000,000	0	100,000,000	0
239 Gasoline Tax Refunds	9,069	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	10,830,033	0	12,000,000	0	12,000,000	0	12,000,000	0	20,000,000	0	20,000,000	0	12,000,000	0	20,000,000	0	20,000,000	0
241 Miscellaneous Tax Refunds	42,068,585	0	50,000,000	0	50,000,000	0	50,000,000	0	60,000,000	0	60,000,000	0	50,000,000	0	60,000,000	0	60,000,000	0
281 Revenue Services Division - Operations	78,807,317	1,480	84,731,204	1,446	85,060,417	1,480	90,230,641	1,446	94,066,284	1,490	94,066,284	1,490	91,504,319	1,446	95,372,101	1,490	95,372,101	1,490
34S Charitable Bingo & Raffles	250,458	6	556,992	6	582,795	7	529,357	6	563,069	7	563,069	7	537,543	6	571,910	7	571,910	7
<b>Total</b>	<b>588,716,607</b>	<b>1,496</b>	<b>795,470,857</b>	<b>1,461</b>	<b>795,868,798</b>	<b>1,497</b>	<b>800,965,592</b>	<b>1,461</b>	<b>857,835,898</b>	<b>1,506</b>	<b>857,835,898</b>	<b>1,506</b>	<b>802,255,325</b>	<b>1,461</b>	<b>859,158,544</b>	<b>1,506</b>	<b>859,158,544</b>	<b>1,506</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	3,760,590	0.6	4,623,336	0.6			5,340,675	0.7	5,340,675	0.6	5,340,675	0.6	6,035,081	0.7	6,035,081	0.7
Special Revenue	4000030	2,472,947	0.4	2,400,000	0.3			2,400,000	0.3	2,400,951	0.3	2,400,951	0.3	2,400,000	0.3	2,401,070	0.3
State Central Services	4000035	79,057,775	13.3	85,288,196	10.7			90,759,998	11.2	94,629,353	11.0	94,629,353	11.0	92,041,862	11.4	95,944,011	11.1
Tax Refunds	4000485	508,048,631	85.6	708,500,000	88.5			708,500,000	87.8	761,500,000	88.1	761,500,000	88.1	708,500,000	87.6	761,500,000	87.9
Total Funds		593,339,943	100.0	800,811,532	100.0			807,000,673	100.0	863,870,979	100.0	863,870,979	100.0	808,976,943	100.0	865,880,162	100.0
Excess Appropriation/(Funding)		(4,623,336)		(5,340,675)				(6,035,081)		(6,035,081)		(6,035,081)		(6,721,618)		(6,721,618)	
Grand Total		588,716,607		795,470,857				800,965,592		857,835,898		857,835,898		802,255,325		859,158,544	

## Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	
1,468	1381	42	1423	45	5.93 %	1,497	1408	47	1455	42	5.95 %	1,497	1393	68	1461	36	6.95 %

## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study and salaries are adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting a net increase above Base Level of \$951 for FY10 and \$1,070 for FY11 as follows:

- Restoration of one currently authorized position to assist in the collection of special revenue in the Arkansas Commercial Driver License Program; \$30,766 FY10 and \$31,453 FY11
- Transfer of one currently authorized position to DFA Management Services - Office of Information Systems to allow for consolidation of information technology positions into one office. This position will assist in the support of the Integrated Revenue System and DFA's in-house scanning and indexing; (\$29,815) FY10 and (\$30,383) FY11
- Reallocating \$949,116 from Data Processing to Operating Expenses to properly classify expenditures for network services

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			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010 Base Level	2009-2010 Agency	2009-2010 Executive	2010-2011 Base Level	2010-2011 Agency	2010-2011 Executive
Regular Salaries	5010000	277,013	249,556	275,454	258,510	259,310	259,310	265,127	266,027	266,027
<b>#Positions</b>		<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
Personal Services Matching	5010003	91,439	80,753	97,780	94,732	94,883	94,883	95,984	96,154	96,154
Operating Expenses	5020002	292,633	403,236	403,236	403,236	1,352,352	1,352,352	403,236	1,352,352	1,352,352
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	949,116	949,116	949,116	949,116	0	0	949,116	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,610,201</b>	<b>1,682,661</b>	<b>1,725,586</b>	<b>1,705,594</b>	<b>1,706,545</b>	<b>1,706,545</b>	<b>1,713,463</b>	<b>1,714,533</b>	<b>1,714,533</b>
<b>Funding Sources</b>										
Fund Balance	4000005	3,760,590	4,623,336		5,340,675	5,340,675	5,340,675	6,035,081	6,035,081	6,035,081
Special Revenue	4000030	2,472,947	2,400,000		2,400,000	2,400,951	2,400,951	2,400,000	2,401,070	2,401,070
Total Funding		6,233,537	7,023,336		7,740,675	7,741,626	7,741,626	8,435,081	8,436,151	8,436,151
Excess Appropriation/(Funding)		(4,623,336)	(5,340,675)		(6,035,081)	(6,035,081)	(6,035,081)	(6,721,618)	(6,721,618)	(6,721,618)
<b>Grand Total</b>		<b>1,610,201</b>	<b>1,682,661</b>		<b>1,705,594</b>	<b>1,706,545</b>	<b>1,706,545</b>	<b>1,713,463</b>	<b>1,714,533</b>	<b>1,714,533</b>

## Change Level by Appropriation

**Appropriation:** 1JN - Commercial Drivers License Program

**Funding Sources:** SDL - Commercial Driver License Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,705,594</b>	<b>9</b>	<b>1,705,594</b>	<b>100.0</b>	<b>1,713,463</b>	<b>9</b>	<b>1,713,463</b>	<b>100.0</b>
C01	Existing Program	30,766	1	1,736,360	101.8	31,453	1	1,744,916	101.8
C04	Reallocation	0	0	1,736,360	101.8	0	0	1,744,916	101.8
C07	Agency Transfer	(29,815)	(1)	1,706,545	100.1	(30,383)	(1)	1,714,533	100.1

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,705,594</b>	<b>9</b>	<b>1,705,594</b>	<b>100.0</b>	<b>1,713,463</b>	<b>9</b>	<b>1,713,463</b>	<b>100.0</b>
C01	Existing Program	30,766	1	1,736,360	101.8	31,453	1	1,744,916	101.8
C04	Reallocation	0	0	1,736,360	101.8	0	0	1,744,916	101.8
C07	Agency Transfer	(29,815)	(1)	1,706,545	100.1	(30,383)	(1)	1,714,533	100.1

### Justification

C01	Restore one currently authorized position.
C04	Reallocating \$949,116 from Data Processing to Operating Expenses to properly classify expenditures for network services.
C07	Transfer one position to DFA Management Services - Office of Information Systems (OIS). OIS now supports the Integrated Revenue System and DFA's centralized in-house scanning and indexing. The transfer of this position will allow for consolidation of all information technology positions into one IT office.



## **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.

Base Level for the Individual Income Tax and Ad Valerom Property Tax Rebates appropriation is \$580,000,000 each year and represents the Agency Request.

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	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	418,994,311	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000
<b>Total</b>	<b>418,994,311</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	418,994,311	580,000,000		580,000,000	580,000,000	580,000,000	580,000,000	580,000,000	580,000,000
<b>Total Funding</b>	<b>418,994,311</b>	<b>580,000,000</b>		<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>418,994,311</b>	<b>580,000,000</b>		<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>	<b>580,000,000</b>

## **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.

Base Level for the Corporate Income Tax appropriation is \$65 million each year and the Agency Request is to increase the appropriation \$35 million each year. The request for appropriation only is for the potential of increased refunds due to a downturn in the economy and the large refund requests from corporations adversely affected by the economy.

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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements 5110014	36,146,633	65,000,000	65,000,000	65,000,000	100,000,000	100,000,000	65,000,000	100,000,000	100,000,000
<b>Total</b>	<b>36,146,633</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>65,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>65,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	36,146,633	65,000,000		65,000,000	100,000,000	100,000,000	65,000,000	100,000,000	100,000,000
<b>Total Funding</b>	<b>36,146,633</b>	<b>65,000,000</b>		<b>65,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>65,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>36,146,633</b>	<b>65,000,000</b>		<b>65,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>	<b>65,000,000</b>	<b>100,000,000</b>	<b>100,000,000</b>

## Change Level by Appropriation

**Appropriation:** 237 - Corporate Income Tax  
**Funding Sources:** TGC - Corporate Income Tax Withholding Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>65,000,000</b>	<b>0</b>	<b>65,000,000</b>	<b>100.0</b>	<b>65,000,000</b>	<b>0</b>	<b>65,000,000</b>	<b>100.0</b>
C01	Existing Program	35,000,000	0	100,000,000	153.8	35,000,000	0	100,000,000	153.8

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>65,000,000</b>	<b>0</b>	<b>65,000,000</b>	<b>100.0</b>	<b>65,000,000</b>	<b>0</b>	<b>65,000,000</b>	<b>100.0</b>
C01	Existing Program	35,000,000	0	100,000,000	153.8	35,000,000	0	100,000,000	153.8

### Justification

C01	Appropriation needs to be increased by \$35 million to a total of \$100 million to fund against a downturn in the economy and potential large refund requests from corporations adversely affected by the economy.
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## **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.

Base Level for the Gasoline Tax Refunds appropriation is \$1,500,000 each year and represents the Agency Request.

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			2009-2010			2010-2011		
	2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims 5110015	9,069	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total</b>	<b>9,069</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
<b>Funding Sources</b>									
Tax Refunds 4000485	9,069	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total Funding</b>	<b>9,069</b>	<b>1,500,000</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
<b>Grand Total</b>	<b>9,069</b>	<b>1,500,000</b>		<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>

## **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.

Base Level for the Interstate Motor Fuel Tax Refunds appropriation is \$12 million and the Agency Request is to increase the appropriation \$8 million each year. The increase in appropriation only is due to an increase in interstate truck traffic nationwide. These refunds have shown a steady growth over the past 5 years and are expected to continue the same trend.

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	10,830,033	12,000,000	12,000,000	12,000,000	20,000,000	20,000,000	12,000,000	20,000,000	20,000,000
Total		10,830,033	12,000,000	12,000,000	12,000,000	20,000,000	20,000,000	12,000,000	20,000,000	20,000,000
<b>Funding Sources</b>										
Tax Refunds	4000485	10,830,033	12,000,000		12,000,000	20,000,000	20,000,000	12,000,000	20,000,000	20,000,000
Total Funding		10,830,033	12,000,000		12,000,000	20,000,000	20,000,000	12,000,000	20,000,000	20,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		10,830,033	12,000,000		12,000,000	20,000,000	20,000,000	12,000,000	20,000,000	20,000,000

## Change Level by Appropriation

**Appropriation:** 240 - Interstate Motor Fuel Tax Refunds  
**Funding Sources:** TBB - Interstate Motor Fuel Tax Refund Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>
C01	Existing Program	8,000,000	0	20,000,000	166.7	8,000,000	0	20,000,000	166.7

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>	<b>12,000,000</b>	<b>0</b>	<b>12,000,000</b>	<b>100.0</b>
C01	Existing Program	8,000,000	0	20,000,000	166.7	8,000,000	0	20,000,000	166.7

### Justification

C01	Due to an increase in interstate truck traffic nationwide these refunds have show a general steady growth over the past 5 years. This trend is expected to remain the same for the foreseeable future.
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## **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

Base Level for the Miscellaneous Tax Refunds appropriation is \$40 million each year and the Agency Request is to increase the appropriation \$10 million each year. The increase in appropriation only will allow for the rising trend in the processing of refunds for taxes paid from various sources.

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			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	42,068,585	50,000,000	50,000,000	50,000,000	60,000,000	60,000,000	50,000,000	60,000,000	60,000,000
Total		42,068,585	50,000,000	50,000,000	50,000,000	60,000,000	60,000,000	50,000,000	60,000,000	60,000,000
<b>Funding Sources</b>										
Tax Refunds	4000485	42,068,585	50,000,000		50,000,000	60,000,000	60,000,000	50,000,000	60,000,000	60,000,000
Total Funding		42,068,585	50,000,000		50,000,000	60,000,000	60,000,000	50,000,000	60,000,000	60,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		42,068,585	50,000,000		50,000,000	60,000,000	60,000,000	50,000,000	60,000,000	60,000,000

## Change Level by Appropriation

**Appropriation:** 241 - Miscellaneous Tax Refunds  
**Funding Sources:** MTA - Miscellaneous Revolving Fund

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>50,000,000</b>	<b>0</b>	<b>50,000,000</b>	<b>100.0</b>	<b>50,000,000</b>	<b>0</b>	<b>50,000,000</b>	<b>100.0</b>
C01	Existing Program	10,000,000	0	60,000,000	120.0	10,000,000	0	60,000,000	120.0

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>50,000,000</b>	<b>0</b>	<b>50,000,000</b>	<b>100.0</b>	<b>50,000,000</b>	<b>0</b>	<b>50,000,000</b>	<b>100.0</b>
C01	Existing Program	10,000,000	0	60,000,000	120.0	10,000,000	0	60,000,000	120.0

### Justification

C01	Increase in appropriation will allow for rising trend in processing of refunds for taxes paid from various sources.
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## **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 salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for nine positions transitioning from unclassified to classified positions. Salaries are adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting a net increase above Base Level of \$3,835,643 for FY10 and \$3,867,782 for FY11 as follows:

- Restoration of 34 currently authorized positions and related matching of which all support the collection of general revenue or in the regulation and licensing of drivers and motor vehicles. Severe shortages of positions throughout the Revenue Division resulting in reduced or slower collection of revenue and the reduction of service in licensing drivers and motor vehicles will result if these positions are not restored; \$1,251,583 FY10 and \$1,276,165 FY11.
- Transfer of 20 currently authorized positions and related matching to DFA Management Services - Office of Information Systems to allow for consolidation of information technology positions into one office. These positions will assist in the support of the Integrated Revenue System and DFA's in-house scanning and indexing; (\$1,022,841) FY10 and (\$1,043,767) FY11.
- 30 new positions and related matching; 16 for State Revenue Offices and 14 for the Office of Field Audit; \$1,075,101 FY10 and \$1,096,280 FY11:
  - The 16 positions for State Revenue Offices would allow for 11 Taxpayer Service Reps in the Northwest district and 5 Taxpayer Service Reps one to each remaining Revenue Office districts. Currently Extra Help positions are used to maintain services but with constant turnover in the Extra Help positions current staff is unable to meet the population growth demands and provide adequate and timely service.

- The 14 positions for the Office of Field Audit would allow 4 positions for coverage of extra hours of operation in the Electronic gaming; 5 positions for increasing audits for the natural gas severance tax that was adopted by the legislature in Act 5 of the 1<sup>st</sup> Extraordinary Session of 2007, A.C.A. §26-58-101; 3 positions to allow placement in each district freeing auditors from routine clerical duties so they can spend more time on audits producing additional revenue; and 2 positions to insure timely collections are made regarding delinquent taxes and bad checks.
- A reduction in Extra Help and related matching to assist in offsetting a portion of the cost for additional positions; (\$107,880) FY10 & FY11.
- Reallocating \$430,000 each year from Data Processing to Operating Expenses to properly classify contractual services.
- Increases in Operating Expenses for an anticipated 1% minimum postage rate increase, 4% anticipated rent increase for various Revenue offices, rising fuel charges, mileage reimbursements, wireless cards and connectivity for laptops used by Field Auditors, photographic supplies for drivers' licenses and IDs, additional license plate costs due to an increase in replacement of current plates, and rising printing costs; \$1,985,370 FY10 and \$2,037,620.
- The Capital Outlay request is for replacement of 29 vehicles that are five years old and have approximately 90,000 to 100,000 miles; replacement phone equipment at two locations (Pine Bluff and Nashville); and replacement of broken furniture in the Ragland building; \$654,310 FY10 and \$609,364 FY11.

The Agency is also requesting new Special Language to authorize having one or more certified law enforcement officers to provide security for Department buildings, grounds, property, employees and customers.

The Executive Recommendation provides for the Agency Request.

## 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		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	41,666,482	44,562,622	44,076,122	48,328,807	49,236,736	49,236,736	49,400,113	50,328,938	50,328,938
<b>#Positions</b>		<b>1,480</b>	<b>1,446</b>	<b>1,480</b>	<b>1,446</b>	<b>1,490</b>	<b>1,490</b>	<b>1,446</b>	<b>1,490</b>	<b>1,490</b>
Extra Help	5010001	468,422	664,466	664,466	664,466	564,466	564,466	664,466	564,466	564,466
<b>#Extra Help</b>		<b>71</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>	<b>221</b>
Personal Services Matching	5010003	13,902,153	14,369,627	15,185,340	16,579,879	16,967,913	16,967,913	16,782,251	17,174,224	17,174,224
Overtime	5010006	207	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Operating Expenses	5020002	21,503,019	22,843,832	22,843,832	22,843,832	25,259,202	25,259,202	22,843,832	25,311,452	25,311,452
Conference & Travel Expenses	5050009	62,878	115,450	115,450	115,450	115,450	115,450	115,450	115,450	115,450
Professional Fees	5060010	671,228	893,207	893,207	893,207	893,207	893,207	893,207	893,207	893,207
Data Processing	5090012	6,692	430,000	430,000	430,000	0	0	430,000	0	0
Refunds/Reimbursements	5110014	8,964	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Outlay	5120011	517,272	477,000	477,000	0	654,310	654,310	0	609,364	609,364
<b>Total</b>		<b>78,807,317</b>	<b>84,731,204</b>	<b>85,060,417</b>	<b>90,230,641</b>	<b>94,066,284</b>	<b>94,066,284</b>	<b>91,504,319</b>	<b>95,372,101</b>	<b>95,372,101</b>
<b>Funding Sources</b>										
State Central Services	4000035	78,807,317	84,731,204		90,230,641	94,066,284	94,066,284	91,504,319	95,372,101	95,372,101
Total Funding		78,807,317	84,731,204		90,230,641	94,066,284	94,066,284	91,504,319	95,372,101	95,372,101
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		78,807,317	84,731,204		90,230,641	94,066,284	94,066,284	91,504,319	95,372,101	95,372,101

Budget amount in Regular Salaries exceeds Authorized amount due to salary adjustments during the 2007-2009 biennium.

FY2008 Actual amount in Capital Outlay exceeds FY2009 Authorized amount due to a higher authorized appropriation in FY2008.



## Change Level by Appropriation

**Appropriation:** 281 - Revenue Services Division - Operations

**Funding Sources:** HSC - State Central Services

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>90,230,641</b>	<b>1,446</b>	<b>90,230,641</b>	<b>100.0</b>	<b>91,504,319</b>	<b>1,446</b>	<b>91,504,319</b>	<b>100.0</b>
C01	Existing Program	4,915,364	64	95,146,005	105.4	4,953,679	64	96,457,998	105.4
C03	Discontinue Program	(107,880)	0	95,038,125	105.3	(107,880)	0	96,350,118	105.3
C04	Reallocation	0	0	95,038,125	105.3	0	0	96,350,118	105.3
C07	Agency Transfer	(1,022,841)	(20)	94,015,284	104.2	(1,043,767)	(20)	95,306,351	104.2
C08	Technology	51,000	0	94,066,284	104.3	65,750	0	95,372,101	104.2

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>90,230,641</b>	<b>1,446</b>	<b>90,230,641</b>	<b>100.0</b>	<b>91,504,319</b>	<b>1,446</b>	<b>91,504,319</b>	<b>100.0</b>
C01	Existing Program	4,915,364	64	95,146,005	105.4	4,953,679	64	96,457,998	105.4
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C04	Reallocation	0	0	95,038,125	105.3	0	0	96,350,118	105.3
C07	Agency Transfer	(1,022,841)	(20)	94,015,284	104.2	(1,043,767)	(20)	95,306,351	104.2
C08	Technology	51,000	0	94,066,284	104.3	65,750	0	95,372,101	104.2

### Justification

C01	Restoration of 34 currently authorized positions and requesting 30 new positions. Additional increases are for anticipated 1% to 2% postage rates; printing costs for on demand decals for better security of decals which will eliminate the need for auditing and easier for law enforcement to detect fraudulent decals; 4% increase in rent in various revenue offices; mileage rate increase for field auditors of 37 cents to 42 cents; rising fuel charges; photographic supplies & material costs for drivers licenses and IDs due to rebid of contract and costs rising from \$ 1.79 to approximately \$2.40 each; license plates costs - the number of mandatory replacements have increased, citizens are liking the new plates and all plates are now on a 8yr replacement plan including personalized plates; replacement of 2 telephone systems - Pine Bluff & Nashville; and replacement of vehicles that are 5yrs old and range from 90,000 - 100,000 miles.
C03	Reduction in Extra Help and related Personal Services Matching to help offset costs of transitioning some current full-time revenue office's Extra Help into new regular positions.
C04	Reallocating \$430,000 from Data Processing to Operating Expenses to properly classify contractual services.
C07	Transfer of 20 positions to Agency 0610 - DFA Management Services - Office of Information Systems (OIS). 14 Information Technology (IT) positions are currently in the Office of Driver Services and 6 are in Arkansas Integrated Revenue System. OIS supports the Integrated Revenue System and DFA's centralized in-house scanning and indexing. The transfer of positions will allow for consolidation of all information technology positions into one IT office.
C08	Wireless cards and monthly connectivity charges for field auditor's and supervisor's laptops. This will increase work productivity in allowing connection to the network to download and/or upload encrypted data for audits. IT Plan TAB: Operations/IT Support Costs/Telephone/IT Services/Other

## **Analysis of Budget Request**

**Appropriation:** 34S - Charitable Bingo & Raffles

**Funding Sources:** HSC - State Central Services

Act 388 of 2007 (A.C.A. §23-114-101 et seq.) provides for Charitable Bingo and Raffles in the State of Arkansas by an "authorized organization". This means an organization eligible for a license to conduct games of bingo and raffles that is a nonprofit tax exempt organization that has been in continuing existence as a nonprofit tax exempt organization in the State for a period of not less than five years immediately prior to conducting the game of bingo or raffles.

The Department of Finance and Administration - Revenue Services Division administers this program under the provisions of the Arkansas Tax Procedure Act, § 26-18-101 et seq., and has broad authority and exercises strict control and close supervision over all games of bingo and raffles conducted in the State so that bingo and raffles are fairly conducted and the proceeds derived from bingo and raffles are used only for an authorized purpose. This State Central Services funded appropriation provides for the administration of this program.

Base Level salaries for classified positions reflect the recommendations of the Pay Plan Study and salaries are adjusted accordingly. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Agency is requesting an increase above Base Level of \$33,712 for FY10 and \$34,367 for FY11 for restoration of one currently authorized position to assist in the administration of this program.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 34S - Charitable Bingo & Raffles

**Funding Sources:** HSC - State Central Services

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	178,734	318,212	344,015	302,681	326,746	326,746	309,566	334,184	334,184
<b>#Positions</b>		<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>6</b>	<b>7</b>	<b>7</b>
Personal Services Matching	5010003	24,972	79,880	79,880	87,776	97,423	97,423	89,077	98,826	98,826
Operating Expenses	5020002	16,974	138,900	138,900	138,900	138,900	138,900	138,900	138,900	138,900
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	29,778	20,000	20,000	0	0	0	0	0	0
<b>Total</b>		<b>250,458</b>	<b>556,992</b>	<b>582,795</b>	<b>529,357</b>	<b>563,069</b>	<b>563,069</b>	<b>537,543</b>	<b>571,910</b>	<b>571,910</b>
<b>Funding Sources</b>										
State Central Services	4000035	250,458	556,992		529,357	563,069	563,069	537,543	571,910	571,910
Total Funding		250,458	556,992		529,357	563,069	563,069	537,543	571,910	571,910
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
<b>Grand Total</b>		<b>250,458</b>	<b>556,992</b>		<b>529,357</b>	<b>563,069</b>	<b>563,069</b>	<b>537,543</b>	<b>571,910</b>	<b>571,910</b>

## Change Level by Appropriation

**Appropriation:** 34S - Charitable Bingo & Raffles

**Funding Sources:** HSC - State Central Services

### Agency Request

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>529,357</b>	<b>6</b>	<b>529,357</b>	<b>100.0</b>	<b>537,543</b>	<b>6</b>	<b>537,543</b>	<b>100.0</b>
C01	Existing Program	33,712	1	563,069	106.4	34,367	1	571,910	106.4

### Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>529,357</b>	<b>6</b>	<b>529,357</b>	<b>100.0</b>	<b>537,543</b>	<b>6</b>	<b>537,543</b>	<b>100.0</b>
C01	Existing Program	33,712	1	563,069	106.4	34,367	1	571,910	106.4

### Justification

C01	Restoration of one currently authorized position.
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