

# DFA - REVENUE SERVICES DIVISION

## Enabling Laws

Act 3 of 2010  
Act 12 of 2010  
Act 193 of 2010

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

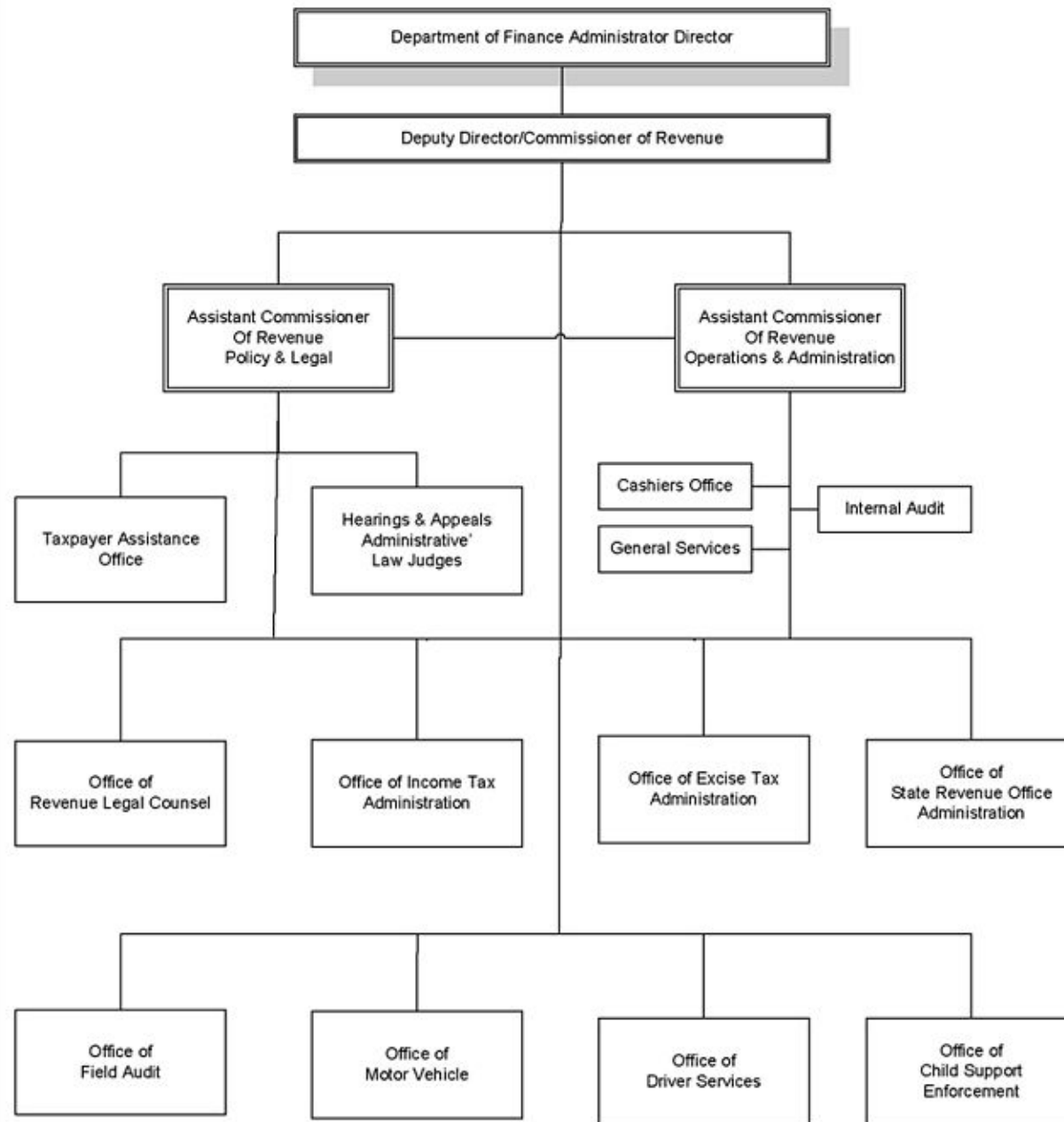
This Office consists of three sections; Office of the Assistant Commissioner, Cashier and General Services. The Cashier section prepares deposits of all monies for deposit with the State Treasurer. The General Services section is responsible for audits all State Revenue Offices, reconciles bank accounts 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 21 positions: 3 in the State Revenue Offices, 4 in the Office of Income Tax, 3 in the Office of Excise Tax, 3 in the Office of Motor Vehicles, 1 in the Office of Assistant Commissioner of Revenue for Operations and Administration, 2 in the Office of Driver Services, 4 in the Office of Field Audit, and 1 in Commercial Driver 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 Revenue Division also requests \$633,000 in FY12 and \$436,000 in FY13 for Capital Outlay in the Operations Appropriation (281). The Capital Outlay request is for replacement of 69 aging and high mileage vehicles.

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 FIELD AUDIT – COLLECTION 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, 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, 2007

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, 2007

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, 2007

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, 2007

Findings	Recommendations
None	None

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
DEPARTMENT OF FINANCE AND ADMINISTRATION – REVENUE DIVISION  
EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2007

Findings	Recommendations
None	None

**Employment Summary**

	Male	Female	Total	%
White Employees	203	746	949	69 %
Black Employees	44	362	406	30 %

Other Racial Minorities	5	14	19	1 %
Total Minorities			425	31 %
Total Employees			1,374	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



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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
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
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

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

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
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
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		2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
		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	1,738,261	10	1,740,016	9	1,714,533	10	1,737,847	9	1,767,585	10	1,767,585	10	1,737,847	9	1,767,585	10	1,767,585	10
236	Individual Income Tax & Ad Valorem Property T	488,612,088	0	580,000,000	0	580,000,000	0	580,000,000	0	680,000,000	0	680,000,000	0	580,000,000	0	680,000,000	0	680,000,000	0
237	Corporate Income Tax	61,893,871	0	100,000,000	0	100,000,000	0	100,000,000	0	200,000,000	0	200,000,000	0	100,000,000	0	200,000,000	0	200,000,000	0
239	Gasoline Tax Refunds	11,112	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	4,369,586	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	101,187,913	0	60,000,000	0	60,000,000	0	60,000,000	0	260,000,000	0	260,000,000	0	60,000,000	0	260,000,000	0	260,000,000	0
281	Revenue Services Division - Operations	86,461,239	1,478	94,365,312	1,476	95,372,101	1,496	93,950,965	1,476	95,208,878	1,496	95,208,878	1,496	93,950,965	1,476	95,011,878	1,496	95,011,878	1,496
<b>NOT REQUESTED FOR THE BIENNIIUM</b>																			
59D	Identification Cards	0	0	0	0	30,000	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		744,274,070	1,488	857,605,328	1,485	858,616,634	1,506	857,188,812	1,485	1,258,476,463	1,506	1,258,476,463	1,506	857,188,812	1,485	1,258,279,463	1,506	1,258,279,463	1,506

Funding Sources			%		%			%		%		%		%		%		%
Fund Balance	4000005	5,687,617	0.8	6,354,602	0.7		7,014,586	0.8	7,014,586	0.6	7,014,586	0.6	7,676,739	0.9	7,676,739	0.6	7,676,739	0.6
Special Revenue	4000030	2,405,246	0.3	2,400,000	0.3		2,400,000	0.3	2,429,738	0.2	2,429,738	0.2	2,400,000	0.3	2,429,738	0.2	2,429,738	0.2
State Central Services	4000035	86,461,239	11.5	94,365,312	10.9		93,950,965	10.9	95,208,878	7.5	95,208,878	7.5	93,950,965	10.9	95,011,878	7.5	95,011,878	7.5
Tax Refunds	4000485	656,074,570	87.4	761,500,000	88.1		761,500,000	88.0	1,161,500,000	91.7	1,161,500,000	91.7	761,500,000	88.0	1,161,500,000	91.7	1,161,500,000	91.7
Total Funds		750,628,672	100.0	864,619,914	100.0		864,865,551	100.0	1,266,153,202	100.0	1,266,153,202	100.0	865,527,704	100.0	1,266,618,355	100.0	1,266,618,355	100.0
Excess Appropriation/(Funding)		(6,354,602)		(7,014,586)			(7,676,739)		(7,676,739)		(7,676,739)		(8,338,892)		(8,338,892)		(8,338,892)	
Grand Total		744,274,070		857,605,328			857,188,812		1,258,476,463		1,258,476,463		857,188,812		1,258,279,463		1,258,279,463	

Commercial Drivers License Program (1JN) - The FY11 Budget amount in Regular Salaries exceeds the authorized amount due to salary adjustments during the 2009-2011 biennium.

## Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted Total	% of Authorized Unused
	Filled	Unfilled	Total				Filled	Unfilled	Total				Filled	Unfilled	Total		
1,497	1433	28	1461	36	4.28 %	1,506	1393	92	1485	21	7.50 %	1,506	1378	107	1485	21	8.50 %

## **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 and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. Base Level is \$1,737,847 each year of the 2011-2013 biennium.

The Agency is requesting a Change Level increase of \$20,788 in Regular Salaries and \$8,950 in Personal Services Matching each year of the biennium to restore one currently authorized position to assist in the collection of special revenue in the Arkansas Commercial Driver License Program.

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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	293,939	291,064	266,027	284,864	305,652	305,652	284,864	305,652	305,652
<b>#Positions</b>		<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>10</b>
Personal Services Matching	5010003	93,301	96,600	96,154	100,631	109,581	109,581	100,631	109,581	109,581
Operating Expenses	5020002	1,351,021	1,352,352	1,352,352	1,352,352	1,352,352	1,352,352	1,352,352	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	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
<b>Total</b>		<b>1,738,261</b>	<b>1,740,016</b>	<b>1,714,533</b>	<b>1,737,847</b>	<b>1,767,585</b>	<b>1,767,585</b>	<b>1,737,847</b>	<b>1,767,585</b>	<b>1,767,585</b>
<b>Funding Sources</b>										
Fund Balance	4000005	5,687,617	6,354,602		7,014,586	7,014,586	7,014,586	7,676,739	7,676,739	7,676,739
Special Revenue	4000030	2,405,246	2,400,000		2,400,000	2,429,738	2,429,738	2,400,000	2,429,738	2,429,738
Total Funding		8,092,863	8,754,602		9,414,586	9,444,324	9,444,324	10,076,739	10,106,477	10,106,477
Excess Appropriation/(Funding)		(6,354,602)	(7,014,586)		(7,676,739)	(7,676,739)	(7,676,739)	(8,338,892)	(8,338,892)	(8,338,892)
<b>Grand Total</b>		<b>1,738,261</b>	<b>1,740,016</b>		<b>1,737,847</b>	<b>1,767,585</b>	<b>1,767,585</b>	<b>1,737,847</b>	<b>1,767,585</b>	<b>1,767,585</b>

The FY11 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2009-2011 biennium.

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,737,847</b>	<b>9</b>	<b>1,737,847</b>	<b>100.0</b>	<b>1,737,847</b>	<b>9</b>	<b>1,737,847</b>	<b>100.0</b>
C01	Existing Program	29,738	1	1,767,585	101.7	29,738	1	1,767,585	101.7

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>1,737,847</b>	<b>9</b>	<b>1,737,847</b>	<b>100.0</b>	<b>1,737,847</b>	<b>9</b>	<b>1,737,847</b>	<b>100.0</b>
C01	Existing Program	29,738	1	1,767,585	101.7	29,738	1	1,767,585	101.7

### Justification

C01	Restore one currently authorized position that supports the collection of special revenue for the Commercial Drivers License Program.
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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.

Base Level for the Individual Income Tax and Ad Valerom Property Tax Rebates appropriation is \$580,000,000 each year of the 2011-2013 biennium.

The Agency is requesting a Change Level increase of \$100,000,000 in appropriation only in each year of the biennium to allow sufficient appropriation to process Individual Income Tax refunds/reimbursements.

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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	488,612,088	580,000,000	580,000,000	580,000,000	680,000,000	680,000,000	580,000,000	680,000,000	680,000,000
Total		488,612,088	580,000,000	580,000,000	580,000,000	680,000,000	680,000,000	580,000,000	680,000,000	680,000,000

Funding Sources										
Tax Refunds	4000485	488,612,088	580,000,000		580,000,000	680,000,000	680,000,000	580,000,000	680,000,000	680,000,000
Total Funding		488,612,088	580,000,000		580,000,000	680,000,000	680,000,000	580,000,000	680,000,000	680,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		488,612,088	580,000,000		580,000,000	680,000,000	680,000,000	580,000,000	680,000,000	680,000,000

## Change Level by Appropriation

**Appropriation:** 236 - Individual Income Tax & Ad Valorem Property Tax Rebates  
**Funding Sources:** TGI - Individual Income Tax Withholding Fund

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>580,000,000</b>	<b>0</b>	<b>580,000,000</b>	<b>100.0</b>	<b>580,000,000</b>	<b>0</b>	<b>580,000,000</b>	<b>100.0</b>
C01	Existing Program	100,000,000	0	680,000,000	117.2	100,000,000	0	680,000,000	117.2

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>580,000,000</b>	<b>0</b>	<b>580,000,000</b>	<b>100.0</b>	<b>580,000,000</b>	<b>0</b>	<b>580,000,000</b>	<b>100.0</b>
C01	Existing Program	100,000,000	0	680,000,000	117.2	100,000,000	0	680,000,000	117.2

### Justification

C01	Increase in appropriation only to allow sufficient appropriation to process Individual Income Tax refunds/reimbursements.
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## **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 \$100,000,000 each year of the 2011-2013 biennium.

The Agency is requesting a Change Level increase in appropriation only of \$100,000,000 each year of the biennium to allow sufficient appropriation to process Corporate Income Tax refunds/reimbursements. This request is due to the potential for increased refunds as a result of the economic downturn 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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	61,893,871	100,000,000	100,000,000	100,000,000	200,000,000	200,000,000	100,000,000	200,000,000	200,000,000
Total		61,893,871	100,000,000	100,000,000	100,000,000	200,000,000	200,000,000	100,000,000	200,000,000	200,000,000

Funding Sources										
Tax Refunds	4000485	61,893,871	100,000,000		100,000,000	200,000,000	200,000,000	100,000,000	200,000,000	200,000,000
Total Funding		61,893,871	100,000,000		100,000,000	200,000,000	200,000,000	100,000,000	200,000,000	200,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		61,893,871	100,000,000		100,000,000	200,000,000	200,000,000	100,000,000	200,000,000	200,000,000

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>
C01	Existing Program	100,000,000	0	200,000,000	200.0	100,000,000	0	200,000,000	200.0

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>	<b>100,000,000</b>	<b>0</b>	<b>100,000,000</b>	<b>100.0</b>
C01	Existing Program	100,000,000	0	200,000,000	200.0	100,000,000	0	200,000,000	200.0

### Justification

C01	Increase in appropriation only to allow sufficient appropriation to process Corporate Income Tax refunds/reimbursements.
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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.

The Agency is requesting Base Level of \$1,500,000 each year of the 2011-2013 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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Claims	5110015	11,112	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		11,112	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>Funding Sources</b>										
Tax Refunds	4000485	11,112	1,500,000		1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Funding		11,112	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		11,112	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 2011-2013 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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	4,369,586	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		4,369,586	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
<b>Funding Sources</b>										
Tax Refunds	4000485	4,369,586	20,000,000		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total Funding		4,369,586	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		4,369,586	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

Base Level for the Miscellaneous Tax Refunds appropriation is \$60,000,000 each year of the 2011-2013 biennium.

The Agency Request is to increase the appropriation \$200,000,000 each year of the biennium. This 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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	101,187,913	60,000,000	60,000,000	60,000,000	260,000,000	260,000,000	60,000,000	260,000,000	260,000,000
Total		101,187,913	60,000,000	60,000,000	60,000,000	260,000,000	260,000,000	60,000,000	260,000,000	260,000,000
<b>Funding Sources</b>										
Tax Refunds	4000485	101,187,913	60,000,000		60,000,000	260,000,000	260,000,000	60,000,000	260,000,000	260,000,000
Total Funding		101,187,913	60,000,000		60,000,000	260,000,000	260,000,000	60,000,000	260,000,000	260,000,000
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		101,187,913	60,000,000		60,000,000	260,000,000	260,000,000	60,000,000	260,000,000	260,000,000

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>60,000,000</b>	<b>0</b>	<b>60,000,000</b>	<b>100.0</b>	<b>60,000,000</b>	<b>0</b>	<b>60,000,000</b>	<b>100.0</b>
C01	Existing Program	200,000,000	0	260,000,000	433.3	200,000,000	0	260,000,000	433.3

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>60,000,000</b>	<b>0</b>	<b>60,000,000</b>	<b>100.0</b>	<b>60,000,000</b>	<b>0</b>	<b>60,000,000</b>	<b>100.0</b>
C01	Existing Program	200,000,000	0	260,000,000	433.3	200,000,000	0	260,000,000	433.3

### Justification

C01	Increase in appropriation only to allow sufficient appropriation to process various miscellaneous tax refunds/reimbursements.
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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 and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. Base Level is \$93,950,965 each year of the 2011-2013 biennium.

The Agency is requesting a Change Level increase above Base Level of \$1,257,913 for FY12 and \$1,060,913 for FY13 as follows:

- Restoration of 20 currently authorized positions and related matching all of which 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; \$624,913 per year FY12 and FY13.
- The Capital Outlay request is for replacement of 69 aging, high mileage vehicles in accordance with A.C.A. 22-8-201 et seq., Automobile and Pickup Truck Acquisition Law, which establishes guidelines for automobile replacement; \$633,000 FY12 and \$436,000 FY13.

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		2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	48,040,758	49,989,907	50,328,938	49,537,431	49,978,208	49,978,208	49,537,431	49,978,208	49,978,208
<b>#Positions</b>		<b>1,478</b>	<b>1,476</b>	<b>1,496</b>	<b>1,476</b>	<b>1,496</b>	<b>1,496</b>	<b>1,476</b>	<b>1,496</b>	<b>1,496</b>
Extra Help	5010001	423,199	564,466	564,466	564,466	564,466	564,466	564,466	564,466	564,466
<b>#Extra Help</b>		<b>51</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	15,437,379	16,506,466	17,174,224	17,153,959	17,338,095	17,338,095	17,153,959	17,338,095	17,338,095
Overtime	5010006	108	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Operating Expenses	5020002	21,572,809	25,311,452	25,311,452	25,311,452	25,311,452	25,311,452	25,311,452	25,311,452	25,311,452
Conference & Travel Expenses	5050009	23,856	115,450	115,450	115,450	115,450	115,450	115,450	115,450	115,450
Professional Fees	5060010	655,949	893,207	893,207	893,207	893,207	893,207	893,207	893,207	893,207
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	7,715	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Capital Outlay	5120011	299,466	609,364	609,364	0	633,000	633,000	0	436,000	436,000
<b>Total</b>		<b>86,461,239</b>	<b>94,365,312</b>	<b>95,372,101</b>	<b>93,950,965</b>	<b>95,208,878</b>	<b>95,208,878</b>	<b>93,950,965</b>	<b>95,011,878</b>	<b>95,011,878</b>
<b>Funding Sources</b>										
State Central Services	4000035	86,461,239	94,365,312		93,950,965	95,208,878	95,208,878	93,950,965	95,011,878	95,011,878
Total Funding		86,461,239	94,365,312		93,950,965	95,208,878	95,208,878	93,950,965	95,011,878	95,011,878
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		86,461,239	94,365,312		93,950,965	95,208,878	95,208,878	93,950,965	95,011,878	95,011,878

## Change Level by Appropriation

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

### Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>93,950,965</b>	<b>1,476</b>	<b>93,950,965</b>	<b>100.0</b>	<b>93,950,965</b>	<b>1,476</b>	<b>93,950,965</b>	<b>100.0</b>
C01	Existing Program	1,257,913	20	95,208,878	101.3	1,060,913	20	95,011,878	101.1

### Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>93,950,965</b>	<b>1,476</b>	<b>93,950,965</b>	<b>100.0</b>	<b>93,950,965</b>	<b>1,476</b>	<b>93,950,965</b>	<b>100.0</b>
C01	Existing Program	1,257,913	20	95,208,878	101.3	1,060,913	20	95,011,878	101.1

### Justification

C01	Restore 20 currently authorized positions that support the collection of general and special revenue or in the regulation and licensing of drivers and motor vehicles. The Capital Outlay request is for replacement of 69 aging and high mileage vehicles.								
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## **Appropriation Summary**

**Appropriation:** 59D - Identification Cards

**Funding Sources:** HUA - Miscellaneous Agencies Fund

### **Historical Data**

### **Agency Request and Executive Recommendation**

<b>Commitment Item</b>	<b>2009-2010</b>	<b>2010-2011</b>	<b>2010-2011</b>	<b>2011-2012</b>			<b>2012-2013</b>		
	<b>Actual</b>	<b>Budget</b>	<b>Authorized</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>	<b>Base Level</b>	<b>Agency</b>	<b>Executive</b>
Identification Cards 5900046	0	0	30,000	0	0	0	0	0	0
Total	0	0	30,000	0	0	0	0	0	0

THIS APPROPRIATION IS NOT REQUESTED FOR THE 2011-2013 BIENNIUM.