

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	FY 2017 REQUEST	GOVERNOR RECOMMENDS FY 2017
Administration Division	\$ 9,155,660	\$ 11,015,870	\$ 11,136,238	\$ 11,160,261
Taxation Division	28,747,368	35,870,446	38,437,613	37,402,850
Motor Vehicle and Driver Licensing Division	770,486	1,269,996	1,269,996	1,281,460
Legal Services Division	1,998,949	2,602,708	2,602,708	2,646,800
Highway Collections	23,144,106	24,391,164	24,472,774	24,764,445
State Tax Commission	2,105,317	2,169,107	2,169,107	2,209,072
Distributions	214,777,959	220,656,960	221,250,709	220,550,709
State Lottery Commission	189,354,276	212,155,509	212,155,509	212,294,241
DEPARTMENTAL TOTAL	\$ 470,054,121	\$ 510,131,760 *	\$ 513,494,654	\$ 512,309,838
General Revenue Fund	77,324,941	88,434,330	91,756,400	90,258,413
Federal Funds	2,503,522	4,106,285	4,106,285	4,111,573
Child Support Enforcement Fund	1,357,011	2,115,393	2,115,393	2,115,905
Health Initiatives Fund	54,118	61,371	61,371	62,406
Petroleum Storage Tank Insurance Fund	25,543	28,905	28,905	29,462
Motor Vehicle Commission Fund	604,899	965,654	965,654	978,607
Conservation Commission Fund	564,370	575,696	575,696	587,017
State Highways and Transportation Department Fund	12,978,396	13,590,257	13,631,081	13,772,208
Lottery Enterprise Fund	189,354,276	212,155,509	212,155,509	212,294,241
Petroleum Inspection Fund	23,848	36,838	36,838	37,519
Motor Fuel Tax Fund	185,263,197	188,000,000	188,000,000	188,000,000
Department of Revenue Specialty Plate Fund	0	16,749	16,749	16,885
Tobacco Control Special Fund	0	44,773	44,773	45,602
Total Full-time Equivalent Employees	1,296.00	1,318.05	1,329.05	1,329.05
General Revenue Fund	872.54	890.52	901.52	901.52
Federal Funds	3.20	6.74	6.74	6.74
Other Funds	420.26	420.79	420.79	420.79

* Does not include \$2,701,264 recommended in the Fiscal Year 2016 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

DEPARTMENT SUMMARY

The Fiscal Year 2017 budget provides \$512.3 million for the Department of Revenue. The department serves as the State of Missouri's primary revenue collection agency. The department performs its duties and services according to statutory and regulatory standards with minimal administrative expense to ensure payment of all taxes and fees owed to the State. The Department of Revenue's core functions include:

- Processing tax returns.
- Collecting tax and issuing refunds.
- Titling and registering motor vehicles, boats, and trailers.
- Licensing drivers.
- Investigating suspected violations of the tax, vehicle, and driver licensing laws.

**DEPARTMENT OF REVENUE
ADMINISTRATION DIVISION**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Administration Division	\$ 5,038,339	\$ 6,972,114	\$ 6,996,137
Postage	<u>4,117,321</u>	<u>4,043,756</u>	<u>4,164,124</u>
TOTAL	\$ 9,155,660	\$ 11,015,870	\$ 11,160,261
PERSONAL SERVICE			
General Revenue Fund	1,115,877	1,122,219	1,144,666
Federal Funds	34,922	53,170	54,234
Other Funds	25,206	25,552	26,064
EXPENSE AND EQUIPMENT			
General Revenue Fund	4,271,451	4,204,337	4,324,705
Federal Funds	2,325,815	3,470,006	3,470,006
Other Funds	1,382,389	2,140,586	2,140,586
TOTAL			
General Revenue Fund	5,387,328	5,326,556	5,469,371
Federal Funds	2,360,737	3,523,176	3,524,240
Other Funds	1,407,595	2,166,138	2,166,650
Total Full-time Equivalent Employees			
General Revenue Fund	30.80	38.66	38.66
Federal Funds	28.98	36.04	36.04
Other Funds	1.06	1.74	1.74
Other Funds	0.76	0.88	0.88

The Administration Division performs the following functions to support the department's revenue collection and motor vehicle and driver license programs: accounting, cash management, procurement, mail processing, archiving, stores, inventory distribution, delivery services, form development, policy administration, payroll processing, recruitment, training and communication, and child support oversight.

Fiscal Year 2017 Governor's Recommendations

- \$120,368 for postage.
- \$24,023 for pay plan, including \$22,447 general revenue.

**DEPARTMENT OF REVENUE
TAXATION DIVISION**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Taxation Division	\$ 20,454,245	\$ 22,870,446	\$ 24,402,850
Integrated Tax System	8,293,123	13,000,000	13,000,000
TOTAL	\$ 28,747,368	\$ 35,870,446	\$ 37,402,850
PERSONAL SERVICE			
General Revenue Fund	18,162,496	19,119,686	19,616,808
Other Funds	661,324	679,765	693,359
EXPENSE AND EQUIPMENT			
General Revenue Fund	9,923,548	15,804,666	17,076,354
Other Funds	0	16,329	16,329
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	0	250,000	0
TOTAL			
General Revenue Fund	28,086,044	35,174,352	36,693,162
Other Funds	661,324	696,094	709,688
Total Full-time Equivalent Employees			
General Revenue Fund	581.53	551.30	562.30
Other Funds	556.24	526.88	537.88
Other Funds	25.29	24.42	24.42

The Taxation Division administers and enforces tax laws. The division deposits all tax revenue, issues refunds, and collects and distributes local taxes. The division's collection activities include account management, lien filing, delinquent tax collections (including identifying non-compliant businesses and individuals), tax clearances, and debt offsets. The division has seven in-state field offices (St. Louis, Kansas City, Springfield, Jefferson City, Joplin, St. Joseph, and Cape Girardeau) that audit businesses required to pay taxes to the State of Missouri. The division's auditors are also stationed in five out-of-state offices (Chicago, Dallas, Atlanta, San Francisco, and New York) to foster Missouri tax law compliance.

Fiscal Year 2017 Governor's Recommendations

- \$2,134,167 and 11 staff for fraud deterrence.
- \$398,237 for pay plan, including \$384,643 general revenue.
- (\$1,000,000) core reduction for one-time expenditures.

**DEPARTMENT OF REVENUE
MOTOR VEHICLE AND DRIVER LICENSING DIVISION**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Motor Vehicle and Driver Licensing Division TOTAL	\$ 770,486	\$ 1,269,996	\$ 1,281,460
PERSONAL SERVICE			
General Revenue Fund	311,982	368,851	376,228
Federal Funds	0	2,695	2,749
Other Funds	190,056	201,649	205,682
EXPENSE AND EQUIPMENT			
General Revenue Fund	227,392	280,232	280,232
Federal Funds	0	160,776	160,776
Other Funds	41,056	255,793	255,793
TOTAL			
General Revenue Fund	539,374	649,083	656,460
Federal Funds	0	163,471	163,525
Other Funds	231,112	457,442	461,475
Total Full-time Equivalent Employees	16.51	35.05	32.05
General Revenue Fund	9.64	25.05	22.05
Other Funds	6.87	10.00	10.00

The Motor Vehicle and Driver Licensing Division administers Missouri laws that license drivers, and title/register motor and all-terrain vehicles, trailers, manufactured homes, and marine-craft. The division also directs the operations of state contract license offices.

Fiscal Year 2017 Governor's Recommendations

- \$11,464 for pay plan, including \$7,377 general revenue.

**DEPARTMENT OF REVENUE
LEGAL SERVICES DIVISION**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Legal Services Division TOTAL	\$ 1,998,949	\$ 2,602,708	\$ 2,646,800
PERSONAL SERVICE			
General Revenue Fund	1,376,711	1,501,832	1,531,869
Federal Funds	79,960	208,484	212,654
Other Funds	307,301	494,264	504,149
EXPENSE AND EQUIPMENT			
General Revenue Fund	149,695	155,533	155,533
Federal Funds	62,825	211,154	211,154
Other Funds	22,457	31,441	31,441
TOTAL			
General Revenue Fund	1,526,406	1,657,365	1,687,402
Federal Funds	142,785	419,638	423,808
Other Funds	329,758	525,705	535,590
Total Full-time Equivalent Employees	42.31	56.75	56.75
General Revenue Fund	32.80	40.75	40.75
Federal Funds	2.14	5.00	5.00
Other Funds	7.37	11.00	11.00

The Legal Services Division supports the department's revenue law administration, and provides legal counsel and representation to the Director of Revenue and divisions. The division includes the Criminal Tax Investigation and the Compliance and Investigation Bureaus, which investigate suspected law violations, prepare cases for prosecution, and perform audits of internal department functions and the license offices throughout the state.

Fiscal Year 2017 Governor's Recommendations

- \$44,092 for pay plan, including \$30,037 general revenue.

**DEPARTMENT OF REVENUE
HIGHWAY COLLECTIONS**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Highway Collections - Taxation Division	\$ 1,607,350	\$ 1,880,108	\$ 1,542,016
Highway Collections - Motor Vehicle and Driver Licensing Division	13,305,784	14,157,520	14,532,795
Highway Collections - Legal Services Division	2,149,295	2,322,073	2,366,473
Highway Collections - Attorney Fees	0	5,000	5,000
Highway Collections - Postage	3,017,073	2,952,658	3,041,990
Highway Collections - Administration Division	2,367,960	2,353,518	2,538,584
Highway Collections - Postage - Driver License	696,644	720,287	737,587
TOTAL	\$ 23,144,106	\$ 24,391,164	\$ 24,764,445
PERSONAL SERVICE			
General Revenue Fund	7,020,988	7,527,424	7,677,968
Other Funds	6,749,007	7,080,610	7,197,457
EXPENSE AND EQUIPMENT			
General Revenue Fund	3,144,722	3,273,483	3,314,269
Other Funds	6,229,389	6,509,647	6,574,751
TOTAL			
General Revenue Fund	10,165,710	10,800,907	10,992,237
Other Funds	12,978,396	13,590,257	13,772,208
Total Full-time Equivalent Employees	432.60	442.79	445.79
General Revenue Fund	205.04	221.80	224.80
Other Funds	227.56	220.99	220.99

The Missouri Constitution, Article IV, Sections 30(a), 30(b), and 30(c) requires all state revenues from the existing motor vehicle fuel tax, vehicle taxes, and fees paid by highway users (less collection costs of up to three percent of the amount collected and State Highway Patrol enforcement costs) be used for state and local highways, roads, and bridges, and for constructing and maintaining the state highway system. The Department of Revenue collects and remits these revenues to the State Highways and Transportation Department Fund. Highway Collections functions are distributed between the department's Taxation, Motor Vehicle and Driver Licensing, Administration, and Legal Services Divisions.

Fiscal Year 2017 Governor's Recommendations

- \$106,632 for postage, including \$40,786 general revenue.
- \$35,236 State Highways and Transportation Department Fund for National Motor Vehicle Title Information System user fees.
- \$291,671 for pay plan, including \$150,544 general revenue.
- (\$60,258) State Highways and Transportation Department Fund core reduction for one-time expenditures.

**DEPARTMENT OF REVENUE
STATE TAX COMMISSION**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
State Tax Commission TOTAL	\$ 2,105,317	\$ 2,169,107	\$ 2,209,072
PERSONAL SERVICE	1,978,823	1,998,332	2,038,297
EXPENSE AND EQUIPMENT	126,494	170,775	170,775
TOTAL			
General Revenue Fund	2,105,317	2,169,107	2,209,072
Total Full-time Equivalent Employees	39.84	40.00	40.00
General Revenue Fund	39.84	40.00	40.00

A constitutionally created quasi-judicial administrative agency, the State Tax Commission performs six basic functions: equalize inter- and intra-county assessments; conduct de novo judicial hearings regarding valuation and classification appeals from local boards of equalization; formulate and implement statewide assessment policies and procedures to comport with statutory and constitutional mandates; supervise local assessing officials and local assessment programs to ensure compliance with statewide requirements; conduct ratio studies to determine the assessment level in each county and to measure the quality of the assessments; and assess the distributable property of railroads and other public utilities.

Fiscal Year 2017 Governor's Recommendations

- \$39,965 for pay plan.

**DEPARTMENT OF REVENUE
DISTRIBUTIONS**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Prosecuting Attorneys and Collection Agencies Fees	\$ 2,951,977	\$ 3,300,000	\$ 3,300,000
County Filing Fees	263,454	465,000	465,000
State Share of Assessment Maintenance Costs	9,875,176	10,376,876	10,376,876
Appropriated Tax Credits	0	1,400,000	700,000
Motor Fuel Tax Distribution to Cities and Counties	185,263,197	188,000,000	188,000,000
Emblem Use Fee Distribution	825	1,000	1,000
County Stock Insurance Tax	102,854	660,700	660,700
Debt Offset For Tax Credits Transfer	65,941	260,000	260,000
Debt Offset Transfer	12,129,875	13,797,384	13,797,384
Circuit Courts Escrow Transfer	1,600,000	2,000,000	2,518,749
Income Tax Check-Off Refund Designations	394,190	396,000	471,000
General Revenue Reimbursement to State			
Highways and Transportation Department Fund	2,130,470	0	0
TOTAL	\$ 214,777,959	\$ 220,656,960	\$ 220,550,709
EXPENSE AND EQUIPMENT			
General Revenue Fund	715,867	600,000	750,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	28,798,895	32,056,960	31,800,709
Other Funds	185,263,197	188,000,000	188,000,000
TOTAL			
General Revenue Fund	29,514,762	32,656,960	32,550,709
Other Funds	185,263,197	188,000,000	188,000,000
Total Full-time Equivalent Employees	0.00	0.00	0.00

PROSECUTING ATTORNEYS AND COLLECTION AGENCIES FEES

Section 136.150, RSMo, provides a 20 percent collection fee to circuit or prosecuting attorneys for delinquent taxes, licenses, or fees recovered on behalf of the state. The department deposits the collection fee in the county treasury with one-half of the fee for use by the attorney's office and one-half to be expended as the county determines.

Section 140.850, RSMo, authorizes the Department of Revenue to use private attorneys or professional collection agencies to collect delinquent taxes owed by resident and non-resident taxpayers (individuals and businesses). The statute restricts the fee to not more than 25 percent of the amount collected.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

COUNTY FILING FEES

The Department of Revenue is authorized to file certificates of lien with the circuit courts for income, withholding, sales, and use tax delinquencies under Sections 144.380 and 143.902, RSMo. Under Section 144.380(4), RSMo, county recorders may charge the department a fee of \$3.00 per tax lien for filing and \$1.50 per release of a filed tax lien. The department collects these fees from the delinquent taxpayers.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF REVENUE
DISTRIBUTIONS**

STATE SHARE OF ASSESSMENT MAINTENANCE COSTS

The state reimburses a portion of local assessor maintenance assessment costs and expenses.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

APPROPRIATED TAX CREDITS

Fiscal Year 2017 Governor's Recommendations

- (\$700,000) core reduction from the Fiscal Year 2016 appropriation level.

MOTOR FUEL TAX DISTRIBUTION TO CITIES AND COUNTIES

Missouri Constitution Article IV, Section 30(a)(2) requires a 15 percent allocation of the Motor Fuel Tax collections net proceeds to the incorporated cities, towns, and villages of the state to assist in the maintenance of streets and highways.

Missouri Constitution Article IV, Section 30(a)(1) requires a 10 percent allocation of the Motor Fuel Tax collections net proceeds to the counties to assist in the maintenance of county roads, highways, and bridges. In addition, Missouri Constitution Article IV, Section 30(a)(2) requires distributing 15 percent of the net proceeds resulting from any increase in the Motor Fuel Tax rate over the rate in effect on March 31, 1992, to the counties to assist in the maintenance of county roads, highways, and bridges.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

EMBLEM USE FEE DISTRIBUTION

Individuals requesting a specialty license plate contribute an emblem use fee to the organization sponsoring the specialty plate. If statute allows the individual to remit the emblem use authorization fee to the Department of Revenue, the department must remit these fees to the applicable organization. The department may collect the emblem use fees for the Some Gave All and Lewis and Clark specialty plates pursuant to Sections 301.3141 and 301.3133, RSMo.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

COUNTY STOCK INSURANCE TAX

The Department of Revenue uses this appropriation to meet the apportionment requirements for the County Stock Insurance Tax required by Section 148.330, RSMo, while holding school districts and counties harmless to reductions from premium tax credits provided to insurance companies.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

DEBT OFFSET FOR TAX CREDITS TRANSFER

Section 135.815, RSMo, requires that tax credit applicants first use any award to pay off any delinquent income, sales, use, or insurance taxes. After applying all credits toward any delinquencies, the applicant can be issued any remaining credits. The Department of Revenue uses this appropriation to satisfy delinquencies.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

DEPARTMENT OF REVENUE DISTRIBUTIONS

DEBT OFFSET TRANSFER

Chapter 143, RSMo, provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the Office of State Treasurer the amount of the debt certified to be owed to a state agency in an amount not exceeding the tax refund claimed. Any amount in excess of the debt is forwarded to the taxpayer. Upon settlement of the claim through the established administrative hearings process, the escrow funds are returned to the state agency or the payee.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.

CIRCUIT COURTS ESCROW TRANSFER

Section 143.784, RSMo, provides a mechanism to offset debts owed to the state against tax refunds payable to the debtor. The Department of Revenue transfers to the Office of State Courts Administrator (OSCA) any amounts certified to be owed to the courts, in an amount not exceeding the tax refund claimed. Upon settlement of the claim, the escrow funds are returned to OSCA.

Fiscal Year 2017 Governor's Recommendations

- \$518,749 for transfer to the Circuit Courts Escrow Fund for delinquent court costs offset from tax returns.

INCOME TAX CHECK-OFF REFUND DESIGNATIONS

State statutes permit individuals and corporations to contribute a portion of their income tax refund to numerous separate state trust funds and separate charitable trust funds. The taxpayer designates a distribution amount to the various trust funds to transfer from the General Revenue Fund.

Fiscal Year 2017 Governor's Recommendations

- \$75,000 on an open-ended basis for income tax check-off anticipated transfer levels.

**DEPARTMENT OF REVENUE
STATE LOTTERY COMMISSION**

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Lottery Commission - Operating	\$ 50,040,353	\$ 59,155,509	\$ 59,294,241
Lottery Commission - Prizes	<u>139,313,923</u>	<u>153,000,000</u>	<u>153,000,000</u>
TOTAL	\$ 189,354,276	\$ 212,155,509	\$ 212,294,241
PERSONAL SERVICE	6,687,608	6,936,517	7,075,249
EXPENSE AND EQUIPMENT	182,663,788	205,212,792	205,212,792
PROGRAM SPECIFIC DISTRIBUTION	2,880	6,200	6,200
TOTAL			
Lottery Enterprise Fund	189,354,276	212,155,509	212,294,241
Total Full-time Equivalent Employees	152.41	153.50	153.50
Other Funds	152.41	153.50	153.50

Approved by the voters of Missouri, the Missouri Constitution, Article III, Section 39(b), established the Missouri State Lottery. The Missouri State Lottery transfers all profits to the Lottery Proceeds Fund solely for public institutions of elementary, secondary, and higher education. Lottery functions include: recruiting and licensing Lottery retailers; creating, marketing, and distributing Lottery products; collecting revenue from Lottery retailers; paying out Lottery prizes and retailer commissions; ensuring the security and integrity of the Lottery operations and games; and transferring profits to the Lottery Proceeds Fund.

Fiscal Year 2017 Governor's Recommendations

- \$138,732 Lottery Enterprise Fund for pay plan.

LOTTERY ENTERPRISE FUND TRANSFER

FINANCIAL SUMMARY

	FY 2015 EXPENDITURE	FY 2016 APPROPRIATION	GOVERNOR RECOMMENDS FY 2017
Lottery Enterprise Fund	\$ 270,701,018	\$ 299,000,000	\$ 299,000,000

Section 39(b) of Article III of the Missouri Constitution provides for the transfer of net proceeds to the Lottery Proceeds Fund to fund public institutions of elementary, secondary, and higher education.

Fiscal Year 2017 Governor's Recommendations

Continue funding at the current level.