

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	FY 2016 REQUEST	GOVERNOR RECOMMENDS FY 2016
Administration Division	\$ 9,191,312	\$ 11,208,616	\$ 11,015,870	\$ 11,015,870
Taxation Division	47,356,626	34,772,168	34,870,446	34,870,446
Motor Vehicle and Driver Licensing Division	789,505	1,266,921	1,269,996	1,269,996
Legal Services Division	1,993,463	2,515,234	2,602,708	2,602,708
Highway Collections	22,668,071	24,230,291	24,218,124	24,218,124
State Tax Commission	2,448,237	2,159,997	2,169,107	2,169,107
Distributions	207,562,601	218,221,960	218,356,960	218,356,960
State Lottery Commission	<u>220,511,005</u>	<u>212,118,310</u>	<u>222,155,509</u>	<u>212,155,509</u>
DEPARTMENTAL TOTAL	\$ 512,520,820	\$ 506,493,497 *	\$ 516,658,720	\$ 506,658,720
General Revenue Fund	95,023,250	84,817,692	84,946,836	84,946,836
Federal Funds	2,846,427	4,104,865	4,106,285	4,106,285
Child Support Enforcement Fund	1,494,401	2,115,256	2,115,393	2,115,393
Health Initiatives Fund	49,874	61,091	61,371	61,371
Petroleum Storage Tank Insurance Fund	23,494	28,755	28,905	28,905
Motor Vehicle Commission Fund	396,900	962,060	965,654	965,654
Conservation Commission Fund	533,678	572,661	575,696	575,696
State Highways and Transportation Department Fund	13,153,108	13,614,888	13,604,711	13,604,711
Lottery Enterprise Fund	220,511,005	212,118,310	222,155,509	212,155,509
Petroleum Inspection Fund	23,367	36,655	36,838	36,838
Motor Fuel Tax Fund	178,451,411	188,000,000	188,000,000	188,000,000
Department of Revenue Specialty Plate Fund	0	16,713	16,749	16,749
Tobacco Control Special Fund	13,905	44,551	44,773	44,773
Total Full-time Equivalent Employees	1,343.49	1,317.05	1,318.05	1,318.05
General Revenue Fund	918.68	889.52	890.52	890.52
Federal Funds	4.22	6.74	6.74	6.74
Other Funds	420.59	420.79	420.79	420.79

* Does not include \$2,265,471 recommended in the Fiscal Year 2015 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

DEPARTMENT SUMMARY

The Fiscal Year 2016 budget provides \$506.7 million for the Department of Revenue. The department serves as the primary revenue collection agency for the State of Missouri. Striving to ensure all taxes and fees owed to the state are paid, the department performs its duties and services according to statutory and regulatory standards with minimal administrative expense. The core functions provided by the Department of Revenue 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 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Administration Division	\$ 5,419,939	\$ 6,965,360	\$ 6,972,114
Postage	3,771,373	4,243,256	4,043,756
TOTAL	\$ 9,191,312	\$ 11,208,616	\$ 11,015,870
PERSONAL SERVICE			
General Revenue Fund	1,125,251	1,115,887	1,122,219
Federal Funds	34,185	52,885	53,170
Other Funds	24,646	25,415	25,552
EXPENSE AND EQUIPMENT			
General Revenue Fund	3,973,943	4,403,837	4,204,337
Federal Funds	2,556,977	3,470,006	3,470,006
Other Funds	1,476,310	2,140,586	2,140,586
TOTAL			
General Revenue Fund	5,099,194	5,519,724	5,326,556
Federal Funds	2,591,162	3,522,891	3,523,176
Other Funds	1,500,956	2,166,001	2,166,138
Total Full-time Equivalent Employees			
General Revenue Fund	31.86	38.66	38.66
Federal Funds	30.04	36.04	36.04
Other Funds	1.06	1.74	1.74
	0.76	0.88	0.88

The Administration Division supports the department's revenue collection and motor vehicle and driver license programs by performing the following functions: accounting, cash management, procurement, mail operations, central supply inventory, receiving, warehousing, archival, delivery, motor pool, facility services, personnel, form development, training, and child support oversight.

Fiscal Year 2016 Governor's Recommendations

- \$6,754 for the remaining pay periods of the Fiscal Year 2015 approved pay plan, including \$6,332 general revenue.
- (\$199,500) core reduction for one-time expenditures.

**DEPARTMENT OF REVENUE
TAXATION DIVISION**

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Taxation Division	\$ 21,521,600	\$ 21,772,168	\$ 21,870,446
Integrated Tax System	<u>25,835,026</u>	<u>13,000,000</u>	<u>13,000,000</u>
TOTAL	\$ 47,356,626	\$ 34,772,168	\$ 34,870,446
PERSONAL SERVICE			
General Revenue Fund	19,222,452	18,825,056	18,919,686
Other Funds	623,858	676,117	679,765
EXPENSE AND EQUIPMENT			
General Revenue Fund	27,510,316	15,254,666	15,254,666
Other Funds	0	16,329	16,329
TOTAL			
General Revenue Fund	46,732,768	34,079,722	34,174,352
Other Funds	623,858	692,446	696,094
Total Full-time Equivalent Employees			
General Revenue Fund	625.20	551.30	551.30
Other Funds	600.72	526.88	526.88
Other Funds	24.48	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 identification of 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 compliance with Missouri tax laws.

Fiscal Year 2016 Governor's Recommendations

- \$105,112 for the remaining pay periods of the Fiscal Year 2015 approved pay plan, including \$101,464 general revenue.
- (\$6,834) core reduction from the Fiscal Year 2015 appropriation level.

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

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Motor Vehicle and Driver Licensing Division TOTAL	\$ 789,505	\$ 1,266,921	\$ 1,269,996
PERSONAL SERVICE			
General Revenue Fund	348,892	366,873	368,851
Federal Funds	17,295	2,679	2,695
Other Funds	109,297	200,568	201,649
EXPENSE AND EQUIPMENT			
General Revenue Fund	275,808	280,232	280,232
Federal Funds	0	160,776	160,776
Other Funds	38,213	255,793	255,793
TOTAL			
General Revenue Fund	624,700	647,105	649,083
Federal Funds	17,295	163,455	163,471
Other Funds	147,510	456,361	457,442
Total Full-time Equivalent Employees	15.55	32.05	32.05
General Revenue Fund	10.86	22.05	22.05
Federal Funds	0.44	0.00	0.00
Other Funds	4.25	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 2016 Governor's Recommendations

- \$3,075 for the remaining pay periods of the Fiscal Year 2015 approved pay plan, including \$1,978 general revenue.

**DEPARTMENT OF REVENUE
LEGAL SERVICES DIVISION**

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Legal Services Division TOTAL	\$ 1,993,463	\$ 2,515,234	\$ 2,602,708
PERSONAL SERVICE			
General Revenue Fund	1,352,202	1,419,447	1,501,832
Federal Funds	100,621	207,365	208,484
Other Funds	235,250	491,493	494,264
EXPENSE AND EQUIPMENT			
General Revenue Fund	139,996	154,334	155,533
Federal Funds	137,349	211,154	211,154
Other Funds	28,045	31,441	31,441
TOTAL			
General Revenue Fund	1,492,198	1,573,781	1,657,365
Federal Funds	237,970	418,519	419,638
Other Funds	263,295	522,934	525,705
Total Full-time Equivalent Employees	40.56	54.75	56.75
General Revenue Fund	32.24	38.75	40.75
Federal Funds	2.72	5.00	5.00
Other Funds	5.60	11.00	11.00

The Legal Services Division supports the department's administration of the revenue laws, 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 2016 Governor's Recommendations

- \$75,587 and two staff to implement SB 829 (2014).
- \$11,887 for the remaining pay periods of the Fiscal Year 2015 approved pay plan, including \$7,997 general revenue.

**DEPARTMENT OF REVENUE
HIGHWAY COLLECTIONS**

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Highway Collections - Taxation Division	\$ 1,686,268	\$ 1,871,536	\$ 1,880,108
Highway Collections - Motor Vehicle and Driver Licensing Division	13,273,288	13,844,279	13,957,520
Highway Collections - Legal Services Division	2,167,370	2,310,167	2,322,073
Highway Collections - Attorney Fees	0	5,000	5,000
Highway Collections - Postage	2,809,259	3,110,384	2,952,658
Highway Collections - Administration Division	2,261,326	2,368,638	2,380,478
Highway Collections - Postage - Driver License	470,560	720,287	720,287
TOTAL	\$ 22,668,071	\$ 24,230,291	\$ 24,218,124
PERSONAL SERVICE			
General Revenue Fund	6,582,041	7,324,920	7,364,930
Other Funds	6,852,056	7,018,265	7,080,610
EXPENSE AND EQUIPMENT			
General Revenue Fund	2,932,922	3,290,483	3,248,483
Other Funds	6,301,052	6,596,623	6,524,101
TOTAL	9,514,963	10,615,403	10,613,413
General Revenue Fund	9,514,963	10,615,403	10,613,413
Other Funds	13,153,108	13,614,888	13,604,711
Total Full-time Equivalent Employees			
General Revenue Fund	431.33	445.79	445.79
Other Funds	198.98	224.80	224.80
Other Funds	232.35	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 2016 Governor's Recommendations

- \$60,258 State Highways and Transportation Department Fund to implement SB 491/HB 1371 (2014).
- \$78,075 for the remaining pay periods of the Fiscal Year 2015 approved pay plan, including \$40,010 general revenue.
- (\$150,500) core reduction for one-time expenditures, including (\$42,000) general revenue.

**DEPARTMENT OF REVENUE
STATE TAX COMMISSION**

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
State Tax Commission TOTAL	\$ 2,448,237	\$ 2,159,997	\$ 2,169,107
PERSONAL SERVICE	2,203,807	1,989,222	1,998,332
EXPENSE AND EQUIPMENT	244,430	170,775	170,775
TOTAL			
General Revenue Fund	2,448,237	2,159,997	2,169,107
Total Full-time Equivalent Employees	45.84	41.00	40.00
General Revenue Fund	45.84	41.00	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 2016 Governor's Recommendations

- \$10,709 for the remaining pay periods of the Fiscal Year 2015 approved pay plan.
- (\$1,599) and (one) staff core reduction from the Fiscal Year 2015 appropriation level.

**DEPARTMENT OF REVENUE
DISTRIBUTIONS**

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Prosecuting Attorneys and Collection Agencies Fees	\$ 3,223,205	\$ 3,165,000	\$ 3,300,000
County Filing Fees	272,901	465,000	465,000
State Share of Assessment Maintenance Costs	9,843,804	9,876,876	9,876,876
Motor Fuel Tax Distribution to Cities and Counties	178,451,411	188,000,000	188,000,000
Emblem Use Fee Distribution	400	1,000	1,000
County Stock Insurance Tax	81,573	660,700	660,700
Debt Offset For Tax Credits Transfer	99,150	260,000	260,000
Debt Offset Transfer	10,739,643	13,797,384	13,797,384
Circuit Courts Escrow Transfer	1,597,373	1,600,000	1,600,000
Income Tax Check-Off Refund Designations	281,296	396,000	396,000
General Revenue Reimbursement to State			
Highways and Transportation Department Fund	2,195,935	0	0
State Supplemental Downtown Development Transfer	775,910	0	0
TOTAL	\$ 207,562,601	\$ 218,221,960	\$ 218,356,960
EXPENSE AND EQUIPMENT			
General Revenue Fund	705,333	600,000	600,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	28,405,857	29,621,960	29,756,960
Other Funds	178,451,411	188,000,000	188,000,000
TOTAL			
General Revenue Fund	29,111,190	30,221,960	30,356,960
Other Funds	178,451,411	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 2016 Governor's Recommendations

- \$135,000 for the payment of delinquent tax fees to prosecuting attorneys and collection agencies.

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 2016 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 2016 Governor's Recommendations

Continue funding at the current 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 Governor's Recommendations

Continue funding at the current level.

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 2016 Governor's Recommendations

Continue funding at the current level.

STATE SUPPLEMENTAL DOWNTOWN DEVELOPMENT TRANSFER

Section 99.963, RSMo, requires the department to annually transfer the first \$150,000,000 of other net new revenues generated by development projects to the State Supplemental Downtown Development Fund.

Fiscal Year 2016 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF REVENUE
STATE LOTTERY COMMISSION**

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Lottery Commission - Operating	\$ 57,710,415	\$ 59,118,310	\$ 59,155,509
Lottery Commission - Prizes	<u>162,800,590</u>	<u>153,000,000</u>	<u>153,000,000</u>
TOTAL	\$ 220,511,005	\$ 212,118,310	\$ 212,155,509
PERSONAL SERVICE	6,614,485	6,899,318	6,936,517
EXPENSE AND EQUIPMENT	213,891,020	205,212,792	205,212,792
PROGRAM SPECIFIC DISTRIBUTION	5,500	6,200	6,200
TOTAL			
Lottery Enterprise Fund	220,511,005	212,118,310	212,155,509
Total Full-time Equivalent Employees	153.15	153.50	153.50
Other Funds	153.15	153.50	153.50

The Missouri Constitution, Article III, Section 39(b), as approved by the voters of Missouri, established the Missouri State Lottery. The Missouri State Lottery transfers all profits to the Lottery Proceeds Fund to be appropriated 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 2016 Governor's Recommendations

- \$37,199 Lottery Enterprise Fund for the remaining pay periods of the Fiscal Year 2015 approved pay plan.

LOTTERY ENTERPRISE FUND TRANSFER

FINANCIAL SUMMARY

	FY 2014 EXPENDITURE	FY 2015 APPROPRIATION	GOVERNOR RECOMMENDS FY 2016
Lottery Enterprise Fund	\$ 267,324,620	\$ 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 2016 Governor's Recommendations

Continue funding at the current level.