

# DEPARTMENT OF REVENUE

## FINANCIAL SUMMARY

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	FY 2018 REQUEST	GOVERNOR RECOMMENDS FY 2018
Administration Division	\$ 9,011,827	\$ 11,160,261	\$ 11,039,893	\$ 11,039,893
Taxation Division	28,925,111	37,652,850	37,668,910	37,753,470
Motor Vehicle and Driver Licensing Division	974,789	1,281,460	1,281,460	1,381,460
Legal Services Division	2,103,774	2,646,800	2,646,800	2,646,800
Highway Collections	23,074,784	27,764,445	27,663,753	24,657,813
State Tax Commission	2,045,748	2,209,072	2,209,072	2,209,072
Distributions	216,516,565	221,605,455	221,605,455	218,884,837
State Lottery Commission	<u>232,962,739</u>	<u>209,794,241</u>	<u>212,217,646</u>	<u>212,217,646</u>
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 515,615,337</b>	<b>\$ 514,114,584 *</b>	<b>\$ 516,332,989</b>	<b>\$ 510,790,991</b>
General Revenue Fund	78,617,751	91,563,159	91,418,065	88,882,007
Federal Funds	2,532,835	4,111,573	4,111,573	4,111,573
Child Support Enforcement Fund	1,366,226	2,115,905	2,115,905	2,115,905
Health Initiatives Fund	57,659	62,406	62,406	62,406
Department of Revenue Technology Fund	0	3,000,000	3,000,000	0
Petroleum Storage Tank Insurance Fund	25,893	29,462	29,462	29,462
Motor Vehicle Commission Fund	781,473	978,607	978,607	978,607
Conservation Commission Fund	569,330	587,017	587,017	587,017
State Highways and Transportation Department Fund	12,996,228	13,772,208	13,712,302	13,706,362
Lottery Enterprise Fund	232,962,739	69,544,241	212,217,646	59,217,646
Petroleum Inspection Fund	28,684	37,519	37,519	37,519
Motor Fuel Tax Fund	185,676,269	188,000,000	188,000,000	188,000,000
State Lottery Fund	0	140,250,000	0	153,000,000
Department of Revenue Specialty Plate Fund	250	16,885	16,885	16,885
Tobacco Control Special Fund	0	45,602	45,602	45,602
<b>Total Full-time Equivalent Employees</b>	<b>1,286.93</b>	<b>1,329.05</b>	<b>1,329.05</b>	<b>1,335.05</b>
General Revenue Fund	860.33	901.52	901.52	909.52
Federal Funds	3.87	6.74	6.74	4.74
Other Funds	422.73	420.79	420.79	420.79

\* Does not include \$5,028,108 recommended in the Fiscal Year 2017 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

## DEPARTMENT SUMMARY

The Fiscal Year 2018 budget provides \$510.8 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 and suspending, revoking, and disqualifying driver licenses.
- Licensing motor vehicle dealers.
- Investigating suspected violations of the tax, vehicle, dealer, and driver licensing laws.
- Coordinating Requests for Proposals for license offices and directing the operations of these offices.

**DEPARTMENT OF REVENUE  
ADMINISTRATION DIVISION**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Administration Division	\$ 5,088,022	\$ 6,996,137	\$ 6,996,137
Postage	3,923,805	4,164,124	4,043,756
<b>TOTAL</b>	<b>\$ 9,011,827</b>	<b>\$ 11,160,261</b>	<b>\$ 11,039,893</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	1,147,002	1,144,666	1,144,666
Federal Funds	36,927	54,234	54,234
Other Funds	22,969	26,064	26,064
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	4,075,951	4,324,705	4,204,337
Federal Funds	2,335,137	3,470,006	3,470,006
Other Funds	1,393,841	2,140,586	2,140,586
<b>TOTAL</b>			
General Revenue Fund	5,222,953	5,469,371	5,349,003
Federal Funds	2,372,064	3,524,240	3,524,240
Other Funds	1,416,810	2,166,650	2,166,650
<b>Total Full-time Equivalent Employees</b>			
General Revenue Fund	33.37	38.66	38.66
Federal Funds	31.57	36.04	36.04
Other Funds	1.12	1.74	1.74
Other Funds	0.68	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 2018 Governor's Recommendations**

- (\$120,368) core reduction from the Fiscal Year 2017 appropriation level.

**DEPARTMENT OF REVENUE  
TAXATION DIVISION**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Taxation Division	\$ 21,021,800	\$ 24,652,850	\$ 24,753,470
Integrated Tax System	<u>7,903,311</u>	<u>13,000,000</u>	<u>13,000,000</u>
<b>TOTAL</b>	<b>\$ 28,925,111</b>	<b>\$ 37,652,850</b>	<b>\$ 37,753,470</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	18,201,111	19,616,808	19,888,608
Other Funds	665,996	693,359	693,359
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	10,048,989	17,076,354	17,155,174
Other Funds	9,015	16,329	16,329
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	0	250,000	0
<b>TOTAL</b>			
General Revenue Fund	28,250,100	36,943,162	37,043,782
Other Funds	675,011	709,688	709,688
<b>Total Full-time Equivalent Employees</b>			
General Revenue Fund	576.43	562.30	572.30
Other Funds	25.00	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 six in-state field offices (St. Louis, Kansas City, Springfield, Jefferson City, Joplin, 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, Georgia, Colorado, and New York) to foster Missouri tax law compliance.

**Fiscal Year 2018 Governor's Recommendations**

- \$350,620 and ten staff to collect additional revenue through garnishments.
- (\$250,000) core reduction from the Fiscal Year 2017 appropriation level.

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

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Motor Vehicle and Driver Licensing Division TOTAL	\$ 974,789	\$ 1,281,460	\$ 1,381,460
<b>PERSONAL SERVICE</b>			
General Revenue Fund	357,440	376,228	376,228
Federal Funds	0	2,749	2,749
Other Funds	194,366	205,682	205,682
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	228,556	280,232	380,232
Federal Funds	0	160,776	160,776
Other Funds	194,427	255,793	255,793
<b>TOTAL</b>			
General Revenue Fund	585,996	656,460	756,460
Federal Funds	0	163,525	163,525
Other Funds	388,793	461,475	461,475
<b>Total Full-time Equivalent Employees</b>	16.44	32.05	32.05
General Revenue Fund	10.52	22.05	22.05
Other Funds	5.92	10.00	10.00

The Motor Vehicle and Driver Licensing Division administers Missouri laws that license drivers and suspend, revoke, and disqualify driver licenses; and titles/registers motor vehicles, boats, and trailers. Additionally, the division licenses approximately 6,000 dealers and oversees dealer operations to ensure dealer licensing laws compliance. The division also coordinates Requests for Proposals for license offices and directs the operations of these offices.

**Fiscal Year 2018 Governor's Recommendations**

- \$100,000 to implement voter identification requirements pursuant to HB 1631 (2016).

**DEPARTMENT OF REVENUE  
LEGAL SERVICES DIVISION**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Legal Services Division TOTAL	\$ 2,103,774	\$ 2,646,800	\$ 2,646,800
<b>PERSONAL SERVICE</b>			
General Revenue Fund	1,443,766	1,531,869	1,531,869
Federal Funds	103,387	212,654	212,654
Other Funds	327,537	504,149	504,149
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	150,336	155,533	155,533
Federal Funds	57,384	211,154	211,154
Other Funds	21,364	31,441	31,441
<b>TOTAL</b>			
General Revenue Fund	1,594,102	1,687,402	1,687,402
Federal Funds	160,771	423,808	423,808
Other Funds	348,901	535,590	535,590
<b>Total Full-time Equivalent Employees</b>	<b>43.95</b>	<b>56.75</b>	<b>54.75</b>
General Revenue Fund	33.11	40.75	40.75
Federal Funds	2.75	5.00	3.00
Other Funds	8.09	11.00	11.00

The Legal Services Division supports the department's revenue tax law administration, driver licensing and motor vehicle title/registration 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 2018 Governor's Recommendations**

- (Two) staff core reduction from the Fiscal Year 2017 appropriation level.

**DEPARTMENT OF REVENUE  
HIGHWAY COLLECTIONS**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Highway Collections - Taxation Division	\$ 1,635,373	\$ 1,542,016	\$ 1,542,016
Highway Collections - Motor Vehicle and Driver Licensing Division	13,366,481	17,532,795	14,532,795
Highway Collections - Legal Services Division	2,176,086	2,366,473	2,370,473
Highway Collections - Attorney Fees	0	5,000	1,000
Highway Collections - Postage	2,864,078	3,041,990	2,952,658
Highway Collections - Administration Division	2,324,291	2,538,584	2,538,584
Highway Collections - Postage - Driver License	708,475	737,587	720,287
<b>TOTAL</b>	<b>\$ 23,074,784</b>	<b>\$ 27,764,445</b>	<b>\$ 24,657,813</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	6,902,284	7,677,968	7,677,968
Other Funds	6,841,189	7,197,457	7,197,457
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	3,176,272	3,314,269	3,273,483
Other Funds	6,155,039	6,574,751	6,508,905
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
Other Funds	0	3,000,000	0
<b>TOTAL</b>			
General Revenue Fund	10,078,556	10,992,237	10,951,451
Other Funds	12,996,228	16,772,208	13,706,362
<b>Total Full-time Equivalent Employees</b>			
General Revenue Fund	425.07	445.79	445.79
Other Funds	196.22	224.80	224.80
Other Funds	228.85	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 2018 Governor's Recommendations**

- (\$3,106,632) core reduction from the Fiscal Year 2017 appropriation level, including (\$40,786) general revenue.

**DEPARTMENT OF REVENUE  
STATE TAX COMMISSION**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
State Tax Commission TOTAL	\$ 2,045,748	\$ 2,209,072	\$ 2,209,072
PERSONAL SERVICE	1,873,495	2,038,297	2,038,297
EXPENSE AND EQUIPMENT	172,253	170,775	170,775
TOTAL			
General Revenue Fund	2,045,748	2,209,072	2,209,072
Total Full-time Equivalent Employees	37.48	40.00	38.00
General Revenue Fund	37.48	40.00	38.00

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 2018 Governor's Recommendations**

- (Two) staff core reduction from the Fiscal Year 2017 appropriation level.

**DEPARTMENT OF REVENUE  
DISTRIBUTIONS**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Prosecuting Attorneys and Collection Agencies Fees	\$ 2,926,105	\$ 3,300,000	\$ 3,300,000
County Filing Fees	274,925	465,000	465,000
State Share of Assessment Maintenance Costs	10,376,873	11,531,622	9,956,004
Appropriated Tax Credits	362,638	600,000	0
Motor Fuel Tax Distribution to Cities and Counties	185,676,269	188,000,000	188,000,000
Emblem Use Fee Distribution	905	1,000	1,000
County Stock Insurance Tax	114,442	660,700	115,700
Debt Offset For Tax Credits Transfer	68,893	260,000	260,000
Debt Offset Transfer	12,620,681	13,797,384	13,797,384
Circuit Courts Escrow Transfer	2,462,589	2,518,749	2,518,749
Income Tax Check-Off Refund Designations	468,570	471,000	471,000
General Revenue Reimbursement to State			
Highways and Transportation Department Fund	1,163,675	0	0
<b>TOTAL</b>	<b>\$ 216,516,565</b>	<b>\$ 221,605,455</b>	<b>\$ 218,884,837</b>
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	981,390	750,000	750,000
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	29,858,906	32,855,455	30,134,837
Other Funds	185,676,269	188,000,000	188,000,000
<b>TOTAL</b>			
General Revenue Fund	30,840,296	33,605,455	30,884,837
Other Funds	185,676,269	188,000,000	188,000,000
<b>Total Full-time Equivalent Employees</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**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 2018 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 2018 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 2018 Governor's Recommendations**

- (\$1,575,618) core reduction from the Fiscal Year 2017 appropriation level.

**APPROPRIATED TAX CREDITS**

The Department collects taxes on freight line companies as authorized by Section 137.1021, RSMo. Subject to appropriation, a freight line company is allowed a credit for eligible expenses against the tax. The state reimburses any political subdivision of this state for any decrease in revenue due to the credit.

**Fiscal Year 2018 Governor's Recommendations**

- (\$600,000) core reduction from the Fiscal Year 2017 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 2018 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.

**Fiscal Year 2018 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 2018 Governor's Recommendations**

- (\$545,000) core reduction from the Fiscal Year 2017 appropriation level.

**DEPARTMENT OF REVENUE  
DISTRIBUTIONS**

**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 2018 Governor's Recommendations**

Continue funding at the current level.

**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 2018 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 2018 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 2018 Governor's Recommendations**

Continue funding at the current level.

**DEPARTMENT OF REVENUE  
STATE LOTTERY COMMISSION**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Lottery Commission - Operating	\$ 58,887,521	\$ 56,794,241	\$ 59,217,646
Lottery Commission - Prizes	174,075,218	153,000,000	153,000,000
<b>TOTAL</b>	<b>\$ 232,962,739</b>	<b>\$ 209,794,241</b>	<b>\$ 212,217,646</b>
PERSONAL SERVICE	6,782,746	7,075,249	7,075,249
EXPENSE AND EQUIPMENT	226,176,510	202,712,792	205,136,197
PROGRAM SPECIFIC DISTRIBUTION	3,483	6,200	6,200
<b>TOTAL</b>			
Other Funds	232,962,739	209,794,241	212,217,646
Total Full-time Equivalent Employees	154.19	153.50	153.50
Other Funds	154.19	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 help fund 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.

**Fiscal Year 2018 Governor's Recommendations**

- \$2,423,405 Lottery Enterprise Fund on an open-ended basis for the vendor costs associated with increased ticket sales.

**LOTTERY TRANSFER TO EDUCATION**

**FINANCIAL SUMMARY**

	FY 2016 EXPENDITURE	FY 2017 APPROPRIATION	GOVERNOR RECOMMENDS FY 2018
Other Funds	\$ 308,993,403	\$ 311,000,000	\$ 311,000,000

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

**Fiscal Year 2018 Governor's Recommendations**

Continue funding at the current level.