

# DEPARTMENT OF REVENUE

## FINANCIAL SUMMARY

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	FY 2019 REQUEST	GOVERNOR RECOMMENDS FY 2019
Administration Division	\$ 8,890,432	\$ 11,039,894	\$ 11,039,893	\$ 10,811,138
Taxation Division	29,041,705	37,738,373	37,738,373	35,868,450
Motor Vehicle and Driver Licensing Division	777,689	1,381,460	1,381,460	1,400,279
Legal Services Division	2,204,848	2,646,800	2,646,800	2,629,464
Highway Collections	22,989,782	24,640,123	25,113,866	25,034,789
State Tax Commission	2,024,198	2,208,213	2,208,213	2,226,413
Distributions	217,659,748	202,418,704	209,438,704	209,198,704
State Lottery Commission	<u>204,195,938</u>	<u>234,992,864</u>	<u>235,113,639</u>	<u>240,395,214</u>
<b>DEPARTMENTAL TOTAL</b>	<b>\$ 487,784,340</b>	<b>\$ 517,066,431 *</b>	<b>\$ 524,680,948</b>	<b>\$ 527,564,451</b>
General Revenue Fund	77,419,577	72,383,729	72,379,379	69,809,905
Federal Funds	2,471,860	4,111,573	4,111,573	4,114,654
Child Support Enforcement Fund	1,329,118	2,115,905	2,115,905	2,116,477
Health Initiatives Fund	54,239	62,406	62,406	63,707
Petroleum Storage Tank Insurance Fund	27,430	29,462	29,462	30,112
Motor Vehicle Commission Fund	685,823	978,607	978,607	990,568
Conservation Commission Fund	516,724	587,017	587,017	600,291
State Highways and Transportation Department Fund	13,055,232	13,704,862	14,202,954	14,342,866
Lottery Enterprise Fund	56,835,445	60,917,646	61,038,421	66,319,996
Petroleum Inspection Fund	28,399	37,519	37,519	38,170
Motor Fuel Tax Fund	188,000,000	188,000,000	195,000,000	195,000,000
State Lottery Fund	147,360,493	174,075,218	174,075,218	174,075,218
Department of Revenue Specialty Plate Fund	0	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>1,295.05</b>	<b>1,334.55</b>	<b>1,340.55</b>	<b>1,323.55</b>
General Revenue Fund	870.82	909.02	909.02	892.02
Federal Funds	4.10	4.74	4.74	4.74
Other Funds	420.13	420.79	426.79	426.79

\* Does not include \$9,205,189 recommended in the Fiscal Year 2018 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

## DEPARTMENT SUMMARY

The Fiscal Year 2019 budget provides \$527.6 million for the Department of Revenue. The department is 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 pursue 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, trailers, and all-terrain vehicles.
- 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 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Administration Division	\$ 4,970,238	\$ 6,996,138	\$ 7,017,382
Postage	<u>3,920,194</u>	<u>4,043,756</u>	<u>3,793,756</u>
TOTAL	\$ 8,890,432	\$ 11,039,894	\$ 10,811,138
<b>PERSONAL SERVICE</b>			
General Revenue Fund	1,144,610	1,144,666	1,164,208
Federal Funds	37,636	54,234	55,365
Other Funds	23,411	26,064	26,636
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	4,074,572	4,204,338	3,954,337
Federal Funds	2,253,912	3,470,006	3,470,006
Other Funds	1,356,291	2,140,586	2,140,586
<b>TOTAL</b>			
General Revenue Fund	5,219,182	5,349,004	5,118,545
Federal Funds	2,291,548	3,524,240	3,525,371
Other Funds	1,379,702	2,166,650	2,167,222
<b>Total Full-time Equivalent Employees</b>			
General Revenue Fund	32.96	38.66	38.66
Federal Funds	31.16	36.04	36.04
Other Funds	1.12	1.74	1.74
Other Funds	0.68	0.88	0.88

The Administration Division provides executive leadership and administrative support for all department programs including, but not limited to, setting policy, strategic planning, leadership, and overall direction of the Department. This division also provides administrative support to the Department in the areas of accounting, cash management, procurement, mail processing, archiving, stores, inventory distribution, delivery services, form development, payroll processing, recruitment, training and communication, and child support oversight.

**Fiscal Year 2019 Governor's Recommendations**

- \$21,245 for pay plan, including \$19,542 general revenue.
- (\$250,001) core reduction from the Fiscal Year 2018 appropriation level.

**DEPARTMENT OF REVENUE  
TAXATION DIVISION**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Taxation Division	\$ 21,569,222	\$ 24,738,373	\$ 22,868,450
Integrated Tax System	<u>7,472,483</u>	<u>13,000,000</u>	<u>13,000,000</u>
<b>TOTAL</b>	<b>\$ 29,041,705</b>	<b>\$ 37,738,373</b>	<b>\$ 35,868,450</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	18,853,187	19,873,511	19,987,844
Other Funds	617,581	693,359	709,235
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	9,568,281	17,155,174	15,155,042
Other Funds	2,656	16,329	16,329
<b>TOTAL</b>			
General Revenue Fund	28,421,468	37,028,685	35,142,886
Other Funds	620,237	709,688	725,564
<b>Total Full-time Equivalent Employees</b>			
General Revenue Fund	594.16	572.05	564.05
Other Funds	571.56	547.63	539.63
Other Funds	22.60	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 2019 Governor's Recommendations**

- \$325,089 for pay plan, including \$309,213 general revenue.
- (\$2,122,552) and (eight) staff core reduction from the Fiscal Year 2018 appropriation level.
- (\$72,460) core reduction for one-time expenditures.

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

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Motor Vehicle and Driver Licensing Division TOTAL	\$ 777,689	\$ 1,381,460	\$ 1,400,279
<b>PERSONAL SERVICE</b>			
General Revenue Fund	290,842	376,228	388,611
Federal Funds	0	2,749	2,749
Other Funds	198,545	205,682	212,118
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	233,358	380,232	380,232
Federal Funds	0	160,776	160,776
Other Funds	54,944	255,793	255,793
<b>TOTAL</b>			
General Revenue Fund	524,200	756,460	768,843
Federal Funds	0	163,525	163,525
Other Funds	253,489	461,475	467,911
<b>Total Full-time Equivalent Employees</b>	14.35	32.05	32.05
General Revenue Fund	8.33	22.05	22.05
Other Funds	6.02	10.00	10.00

The Motor Vehicle and Driver Licensing Division administers Missouri laws that license drivers and suspend, revoke, and disqualify driver licenses; titles/registers motor vehicles, boats, and trailers; and collects required fees and taxes. The division licenses approximately 6,000 dealers and oversees dealer operations to ensure compliance with dealer licensing laws. The division also manages the operations of 177 licensing offices throughout the state and coordinates requests for proposals for these offices.

**Fiscal Year 2019 Governor's Recommendations**

- \$18,819 for pay plan, including \$12,383 general revenue.

**DEPARTMENT OF REVENUE  
LEGAL SERVICES DIVISION**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Legal Services Division TOTAL	\$ 2,204,848	\$ 2,646,800	\$ 2,629,464
<b>PERSONAL SERVICE</b>			
General Revenue Fund	1,485,739	1,531,869	1,549,758
Federal Funds	113,948	212,654	214,604
Other Funds	371,498	504,149	509,674
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	150,492	155,533	112,833
Federal Funds	66,364	211,154	211,154
Other Funds	16,807	31,441	31,441
<b>TOTAL</b>			
General Revenue Fund	1,636,231	1,687,402	1,662,591
Federal Funds	180,312	423,808	425,758
Other Funds	388,305	535,590	541,115
<b>Total Full-time Equivalent Employees</b>	<b>45.26</b>	<b>54.75</b>	<b>54.75</b>
General Revenue Fund	33.58	40.75	40.75
Federal Funds	2.98	3.00	3.00
Other Funds	8.70	11.00	11.00

The Legal Services/General Counsel 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 2019 Governor's Recommendations**

- \$25,364 for pay plan, including \$17,889 general revenue.
- (\$42,700) core reduction from the Fiscal Year 2018 appropriation level.

**DEPARTMENT OF REVENUE  
HIGHWAY COLLECTIONS**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Highway Collections - Taxation Division	\$ 1,121,644	\$ 1,542,016	\$ 1,573,523
Highway Collections - Motor Vehicle and Driver Licensing Division	13,704,528	14,516,605	14,821,576
Highway Collections - Legal Services Division	2,221,006	2,370,473	2,391,640
Highway Collections - Attorney Fees	0	1,000	1,000
Highway Collections - Postage	2,861,398	2,952,658	2,952,658
Highway Collections - Administration Division	2,440,730	2,537,084	2,574,105
Highway Collections - Postage - Driver License	640,476	720,287	720,287
<b>TOTAL</b>	<b>\$ 22,989,782</b>	<b>\$ 24,640,123</b>	<b>\$ 25,034,789</b>
<b>PERSONAL SERVICE</b>			
General Revenue Fund	6,888,455	7,661,778	7,467,789
Other Funds	6,972,162	7,197,457	7,517,044
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	3,046,095	3,273,483	3,224,134
Other Funds	6,083,070	6,507,405	6,825,822
<b>TOTAL</b>			
General Revenue Fund	9,934,550	10,935,261	10,691,923
Other Funds	13,055,232	13,704,862	14,342,866
<b>Total Full-time Equivalent Employees</b>	<b>419.00</b>	<b>445.54</b>	<b>442.54</b>
General Revenue Fund	189.83	224.55	215.55
Other Funds	229.17	220.99	226.99

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 Division, Motor Vehicle and Driver Licensing Division, Administration Division, and Legal Services/General Counsel Division.

**Fiscal Year 2019 Governor's Recommendations**

- \$448,404 State Highways and Transportation Department Fund and six staff to implement Real ID pursuant to HB 151 (2017).
- \$49,688 State Highways and Transportation Department Fund for enhanced security tabs.
- \$266,177 for pay plan, including \$126,265 general revenue.
- (\$345,254) and (nine) staff core reduction from the Fiscal Year 2018 appropriation level.
- (\$24,349) transferred to the Office of the Governor.

**DEPARTMENT OF REVENUE  
STATE TAX COMMISSION**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
State Tax Commission TOTAL	\$ 2,024,198	\$ 2,208,213	\$ 2,226,413
PERSONAL SERVICE	1,860,512	2,037,438	2,055,638
EXPENSE AND EQUIPMENT	163,686	170,775	170,775
TOTAL			
General Revenue Fund	2,024,198	2,208,213	2,226,413
Total Full-time Equivalent Employees	36.36	38.00	38.00
General Revenue Fund	36.36	38.00	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 2019 Governor's Recommendations**

- \$18,200 for pay plan.

**DEPARTMENT OF REVENUE  
DISTRIBUTIONS**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Prosecuting Attorneys and Collection Agencies Fees	\$ 2,767,574	\$ 3,300,000	\$ 3,100,000
County Filing Fees	280,880	315,000	275,000
State Share of Assessment Maintenance Costs	10,615,709	9,956,004	9,956,004
Appropriated Tax Credits	291,000	0	0
Motor Fuel Tax Distribution to Cities and Counties	188,000,000	188,000,000	195,000,000
Emblem Use Fee Distribution	600	1,000	1,000
County Stock Insurance Tax	115,390	115,700	135,700
Debt Offset For Tax Credits Transfer	146,178	260,000	260,000
Debt Offset Transfer	12,784,590	0	0
Circuit Courts Escrow Transfer	2,210,258	0	0
Income Tax Check-Off Refund Designations	310,313	471,000	471,000
General Revenue Reimbursement to State			
Highways and Transportation Department Fund	137,256	0	0
<b>TOTAL</b>	<b>\$ 217,659,748</b>	<b>\$ 202,418,704</b>	<b>\$ 209,198,704</b>
<b>EXPENSE AND EQUIPMENT</b>			
General Revenue Fund	818,128	750,000	900,000
<b>PROGRAM SPECIFIC DISTRIBUTION</b>			
General Revenue Fund	28,841,620	13,668,704	13,298,704
Other Funds	188,000,000	188,000,000	195,000,000
<b>TOTAL</b>			
General Revenue Fund	29,659,748	14,418,704	14,198,704
Other Funds	188,000,000	188,000,000	195,000,000
<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 2019 Governor's Recommendations**

- (\$200,000) core reduction from the Fiscal Year 2018 appropriation 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 2019 Governor's Recommendations**

- (\$40,000) core reduction from the Fiscal Year 2018 appropriation 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 2019 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 2019 Governor's Recommendations**

- \$7,000,000 Motor Fuel Tax Fund for distribution to cities and counties.

### **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 2019 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 2019 Governor's Recommendations**

- \$20,000 for distribution to counties and school districts held harmless for tax credit claims.

### **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 2019 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 2019 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 2019 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 2019 Governor's Recommendations**

Continue funding at the current level.

**DEPARTMENT OF REVENUE  
STATE LOTTERY COMMISSION**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Lottery Commission - Operating	\$ 56,835,445	\$ 60,917,646	\$ 66,319,996
Lottery Commission - Prizes	<u>147,360,493</u>	<u>174,075,218</u>	<u>174,075,218</u>
<b>TOTAL</b>	<b>\$ 204,195,938</b>	<b>\$ 234,992,864</b>	<b>\$ 240,395,214</b>
PERSONAL SERVICE	6,811,524	7,075,249	7,156,824
EXPENSE AND EQUIPMENT	197,374,035	227,911,415	233,228,940
PROGRAM SPECIFIC DISTRIBUTION	10,379	6,200	9,450
<b>TOTAL</b>			
Other Funds	204,195,938	234,992,864	240,395,214
Total Full-time Equivalent Employees	152.96	153.50	153.50
Other Funds	152.96	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; and ensuring the security and integrity of the Lottery operations and games.

**Fiscal Year 2019 Governor's Recommendations**

- \$5,200,000 Lottery Enterprise Fund on an open-ended basis for the vendor costs associated with increased ticket sales.
- \$81,575 Lottery Enterprise Fund for pay plan.
- \$120,775 Lottery Enterprise Fund transferred from the Office of Administration for Lottery Commission fuel and utilities.

**LOTTERY TRANSFER TO EDUCATION**

**FINANCIAL SUMMARY**

	FY 2017 EXPENDITURE	FY 2018 APPROPRIATION	GOVERNOR RECOMMENDS FY 2019
Other Funds	\$ 297,874,416	\$ 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 2019 Governor's Recommendations**

Continue funding at the current level.