



Louisiana Senate Finance Committee



FY21 Proposed Budget

12 – Department of Revenue

June 2020

*Senator Patrick Page Cortez, President
Senator Bodi White, Chairman*



FY21 Proposed Budget

Schedule 12— Department of Revenue

Department of Revenue's mission — "To fairly and efficiently collect state tax revenue to fund public services; to regulate charitable gaming and the sale of alcoholic beverages and tobacco; and to support state agencies in the collection of overdue debts."

Alcohol and Tobacco Control

Administration, Certification and Enforcement of Alcoholic Beverage and Tobacco Product Sales

- Alcoholic beverage retailers, wholesalers, manufacturers, native wineries
- Retail and wholesale tobacco product dealers
- CBD and vaping products

Tax Collection

Coordinates and implements all efforts related to tax collection

- **Administration** – everyday office functions such as human resources, budgeting, purchasing and technology
- **Tax Policy Management** – policy issues including legislation, rules, fiscal note responses, other policy issues
- **Revenue Collection and Distribution** – return processing, taxpayer registration, state and local taxes
- **Taxpayer Assistance** - customer service and community outreach, tax clearances and certifications
- **Tax Compliance** – audits and investigations of tax related issues
- **Tax Enforcement** – collects tax debt through multiple means and defends the state in litigation

Office of Charitable Gaming

Administration, Certification, Audit and Enforcement of the Charitable Gaming Industry

- Licenses, educates, and monitors organizations conducting legalized gaming as a fund-raising mechanism
- Licenses and enforces commercial lessors of electronic video bingo and progressive mega-jackpot bingo.

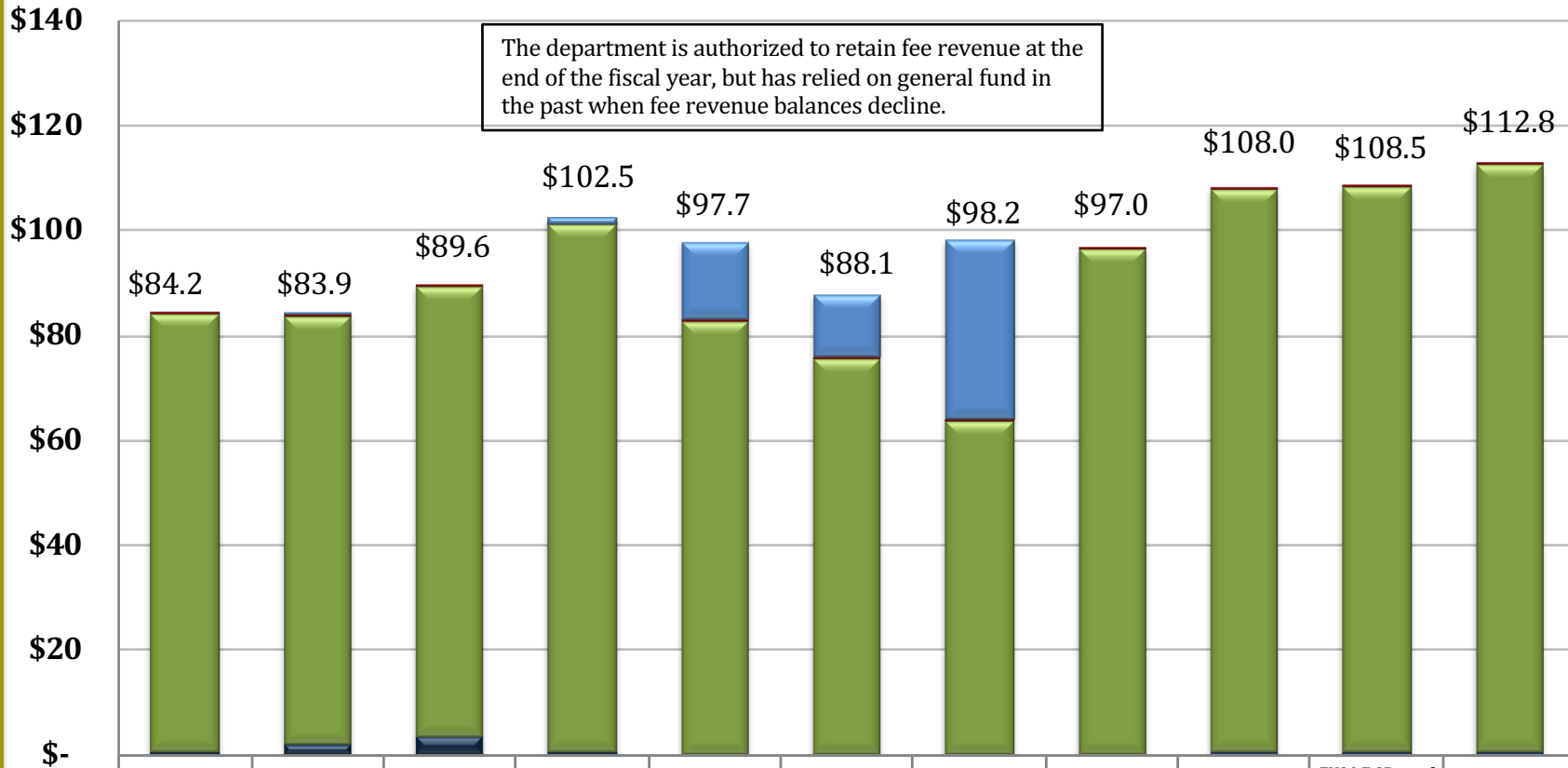


Department of Revenue

Changes in Funding since FY12

Total Budget by Fiscal Year and Means of Finance (in \$ millions)

Change from FY12 to FY21 is +34.0%.



Interim Updates

FY20 EOB as of 12/1/19 includes a carryforward appropriation in FSGR of \$0.5M

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Actual	FY19 Actual	FY20 Enacted	FY20 EOB as of 12/1/19	FY21 Proposed
SGF	\$-	\$61,864	\$-	\$1,375,682	\$14,715,662	\$12,040,331	\$33,892,156	\$-	\$-	\$-	\$-
IAT	\$338,219	\$200,412	\$183,788	\$171,585	\$232,521	\$219,816	\$352,067	\$526,287	\$305,000	\$305,000	\$285,000
FSGR	\$82,838,735	\$81,456,962	\$85,942,107	\$99,945,473	\$82,173,383	\$75,222,816	\$63,374,222	\$95,899,651	\$107,041,014	\$107,511,604	\$111,893,887
STAT DED	\$671,751	\$1,690,264	\$3,190,585	\$688,751	\$531,385	\$571,049	\$543,583	\$550,000	\$650,000	\$650,000	\$657,914
FED	\$329,395	\$511,398	\$309,393	\$274,454	\$-	\$-	\$-	\$-	\$-	\$-	\$-



Budget Adjustments Proposed for FY21

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$305,000	\$107,511,604	\$650,000	\$0	\$108,466,604	712	Existing Operating Budget as of 12/1/19
\$0	\$0	\$1,254,234	\$0	\$0	\$1,254,234	0	Market Rate Classified
\$0	\$0	\$50,215	\$0	\$0	\$50,215	0	Unclassified Pay Increase
\$0	\$0	\$300,332	\$0	\$0	\$300,332	0	Civil Service Training Series
\$0	\$0	\$274,632	\$0	\$0	\$274,632	0	Related Benefits Base Adjustment
\$0	\$0	(\$179,127)	\$0	\$0	(\$179,127)	0	Retirement Rate Adjustment
\$0	\$0	\$137,991	\$0	\$0	\$137,991	0	Group Insurance Rate Adjustment for Active Employees
\$0	\$0	\$148,762	\$0	\$0	\$148,762	0	Group Insurance Rate Adjustment for Retirees
\$0	\$0	(\$186,993)	\$0	\$0	(\$186,993)	0	Salary Base Adjustment
\$0	\$0	(\$2,355,253)	\$0	\$0	(\$2,355,253)	0	Attrition Adjustment
\$0	\$0	\$419,825	\$40,500	\$0	\$460,325	0	Acquisitions & Major Repairs
\$0	\$0	(\$459,344)	(\$32,586)	\$0	(\$491,930)	0	Non-recurring Acquisitions & Major Repairs
\$0	\$0	(\$470,591)	\$0	\$0	(\$470,591)	0	Non-recurring Carryforwards
\$0	\$0	(\$59,655)	\$0	\$0	(\$59,655)	0	Risk Management
\$0	\$0	(\$31,349)	\$0	\$0	(\$31,349)	0	Legislative Auditor Fees
\$0	\$0	(\$17,235)	\$0	\$0	(\$17,235)	0	Rent in State-owned Buildings
\$0	\$0	\$5,572	\$0	\$0	\$5,572	0	Capitol Park Security
\$0	\$0	(\$52,448)	\$0	\$0	(\$52,448)	0	Capitol Police
\$0	\$0	(\$1,397)	\$0	\$0	(\$1,397)	0	USPS Fees
\$0	\$0	\$18,993	\$0	\$0	\$18,993	0	Civil Service Fees
\$0	\$0	\$12,122	\$0	\$0	\$12,122	0	State Treasury Fees
\$0	\$0	\$287,043	\$0	\$0	\$287,043	0	Office of Technology Services (OTS)
\$0	\$0	(\$2,709)	\$0	\$0	(\$2,709)	0	Administrative Law Judges
\$0	\$0	(\$11,454)	\$0	\$0	(\$11,454)	0	Office of State Procurement
\$0	\$0	(\$917,834)	\$7,914	\$0	(\$909,920)	0	Total Statewide Adjustments
\$0	\$0	\$0	\$0	\$0	\$0	0	Total Means of Finance Substitution Adjustments
\$0	(\$20,000)	\$0	\$0	\$0	(\$20,000)	0	Total Non-recurring Other Adjustments
\$0	\$0	\$5,300,117	\$0	\$0	\$5,300,117	8	Total Other Adjustments
\$0	\$285,000	\$111,893,887	\$657,914	\$0	\$112,836,801	720	TOTAL FY 21 PROPOSED BUDGET
\$0	(\$20,000)	\$4,382,283	\$7,914	\$0	\$4,370,197	8	Total Adjustments (Statewide and Agency-specific)



Department of Revenue

Significant Changes for FY21

Other Adjustments

State General Fund (Direct)	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal Funds	Total	T.O.	Adjustment
\$0	\$0	\$4,641,336	\$0	\$0	\$4,641,336	0	Tax Collection — For the upgrade of the Data Center equipment that is near the end of life exposing the Department to potential vulnerabilities to outages and downtime which could impact collections and customer service.
\$0	\$0	\$658,781	\$0	\$0	\$658,781	0	Alcohol & Tobacco Control — Increase in funding to add staff to process the influx of hemp-derived Cannabidiol (CBD) applications. Act 164 of 2019RS authorizes the sale of hemp-derived CBD products with a Tetrahydrocannabinol (THC) concentration of less than 0.3%. The law prohibits the processing or sale of hemp for inhalation and the sale of any alcoholic beverage containing CBD.
\$0	(\$20,000)	\$0	\$0	\$0	(\$20,000)	0	Tax Collection — From the Department of Transportation and Development for travel expenditures related to a grant from the Federal Highway Motor Fuel Project for measures related to compliance with the collection of highway use taxes.
\$0	(\$20,000)	\$5,300,117	\$0	\$0	\$5,280,117	0	Total Non-recurring Other Adjustments



FY21 Means of Finance

Schedule 12 – Department of Revenue

Interagency Transfers

- Department of Public Safety for the enforcement alcoholic beverage sales to minors
- Department of Health and Hospitals for the enforcement of the tobacco sales to minors

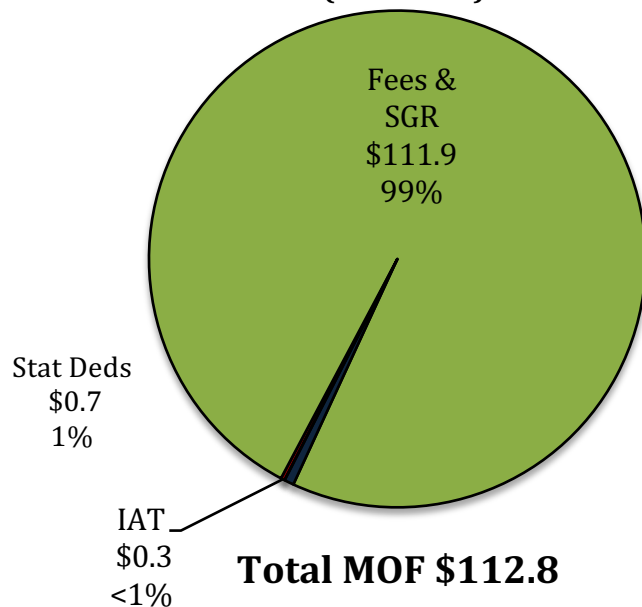
Statutory Dedications

- **Tobacco Regulation Enforcement Fund** - a portion of the tax charged to consumers for the purchase of cigarettes
- **Louisiana Entertainment Development Fund** - fees for the transfer of film credits

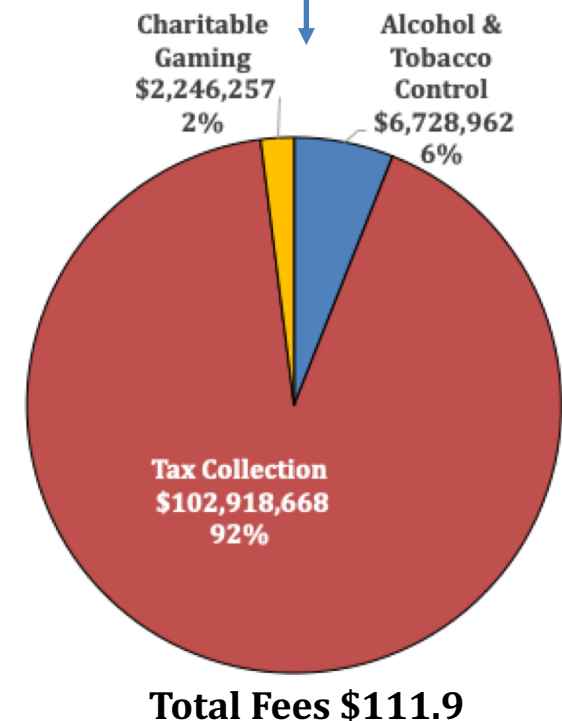
Fees and Self-generated Revenues

- Late payment/delinquent fees
- Negligence fees
- License fees
- Permits fees
- Fines for violations
- Collection fees

**FY21 Proposed
Total Means of Finance
(In Millions)**



Note: SB 334 of 2020 Regular Session was sent to the Governor and will transfer the funding of the Department from fees and self-generated revenue to 1% of sales, income and corporate franchise tax (net of dedications) beginning in FY 23.





Department of Revenue Dedicated Funds FY19, FY20, and FY21

Dedicated Fund Review Committee

	Source of Funding	FY19 Actual	FY20 EOB	FY21 Proposed
Tobacco Regulation Enforcement Fund	A portion of the tax charged to consumers for the purchase of cigarettes.	\$550,000	\$550,000	\$557,914
Louisiana Entertainment Development Fund	Application fees for the transfer of film credits equal to 2% of the amount of the tax credit transfer value	\$0	\$100,000	\$100,000
Total		\$550,000	\$650,000	\$657,914

Dedicated Fund Review Subcommittee recommendation:

Tobacco Regulation Enforcement Fund = No change
Louisiana Entertainment Development Fund = New



Department of Revenue

FY20 Enacted vs. FY21 Proposed Comparison by Agency

FY20 Enacted Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Tax Collection	\$0	\$20,000	\$98,954,173	\$100,000	\$0	\$99,074,173
Alcohol & Tobacco Control	\$0	\$285,000	\$5,907,189	\$550,000	\$0	\$6,742,189
Charitable Gaming	\$0	\$0	\$2,179,652	\$0	\$0	\$2,179,652
TOTALS	\$0	\$305,000	\$107,041,014	\$650,000	\$0	\$107,996,014
FY21 Proposed Total MOF by Agency	SGF	IAT	FSGR	Stat Deds	Federal	Total
Tax Collection	\$0	\$0	\$102,918,668	\$100,000	\$0	\$103,018,668
Alcohol & Tobacco Control	\$0	\$285,000	\$6,728,962	\$557,914	\$0	\$7,571,876
Charitable Gaming	\$0	\$0	\$2,246,257	\$0	\$0	\$2,246,257
TOTALS	\$0	\$285,000	\$111,893,887	\$657,914	\$0	\$112,836,801
Difference FY20 Enacted to FY21 Proposed		-\$20,000	\$4,852,873	\$7,914		\$4,840,787

The Department's total FY21 Proposed Budget increased by \$4.8M or 4.5% due mainly to increases in fees and self-generated revenue.

In all means of finance, the Tax Collection program increased by about \$4M or 4.0%.

The Alcohol & Tobacco Control program increased by about \$830,000 or 12.3%.

The Office of Charitable Gaming increased by about \$67,000 or 3.1%.



Department of Revenue

Categorical Expenditures

Expenditure Category	FY19 Actual	FY20 EOB (as of 12-01-19)	FY21		Difference FY20 to FY21
			Proposed Budget	Category as Percent of Total	
Personal Services:	\$60,907,400	\$68,017,980	\$68,119,894	60%	\$101,914
Salaries	\$36,553,136	\$39,909,407	\$39,687,589	35%	(\$221,818)
Other Compensation	\$1,447,065	\$1,671,536	\$1,671,536	1%	\$0
Related Benefits	\$22,907,199	\$26,437,037	\$26,760,769	24%	\$323,732
Operating Expenses:	\$3,654,225	\$7,703,740	\$7,683,740	7%	(\$20,000)
Travel	\$893,199	\$927,094	\$997,168	1%	\$70,074
Operating Services	\$2,598,864	\$6,398,595	\$6,308,521	6%	(\$90,074)
Supplies	\$162,162	\$378,051	\$378,051	0%	\$0
Professional Services	\$422,753	\$1,856,058	\$1,850,458	2%	(\$5,600)
Other Charges:	\$31,658,915	\$30,378,003	\$34,722,384	31%	\$4,344,381
Other Charges	\$547,767	\$969,383	\$971,043	1%	\$1,660
Debt Service	\$0	\$0	\$0	0%	\$0
Interagency Transfers	\$31,111,148	\$29,408,620	\$33,751,341	30%	\$4,342,721
Acquisitions & Major Repairs:	\$332,645	\$510,823	\$460,325	0%	(\$50,498)
Acquisitions	\$332,645	\$510,823	\$460,325	0%	(\$50,498)
Major Repairs	\$0	\$0	\$0	0%	\$0
Total Expenditures	\$96,975,938	\$108,466,604	\$112,836,801	100%	\$4,370,197

Other charges include interagency transfers for centralized services including technology (\$20M), mail (\$3M), telecommunications (\$1.8M), and printing (\$1.7M). Also included is rent in state-owned buildings (\$1.8M) and Benson Tower (\$0.4M).



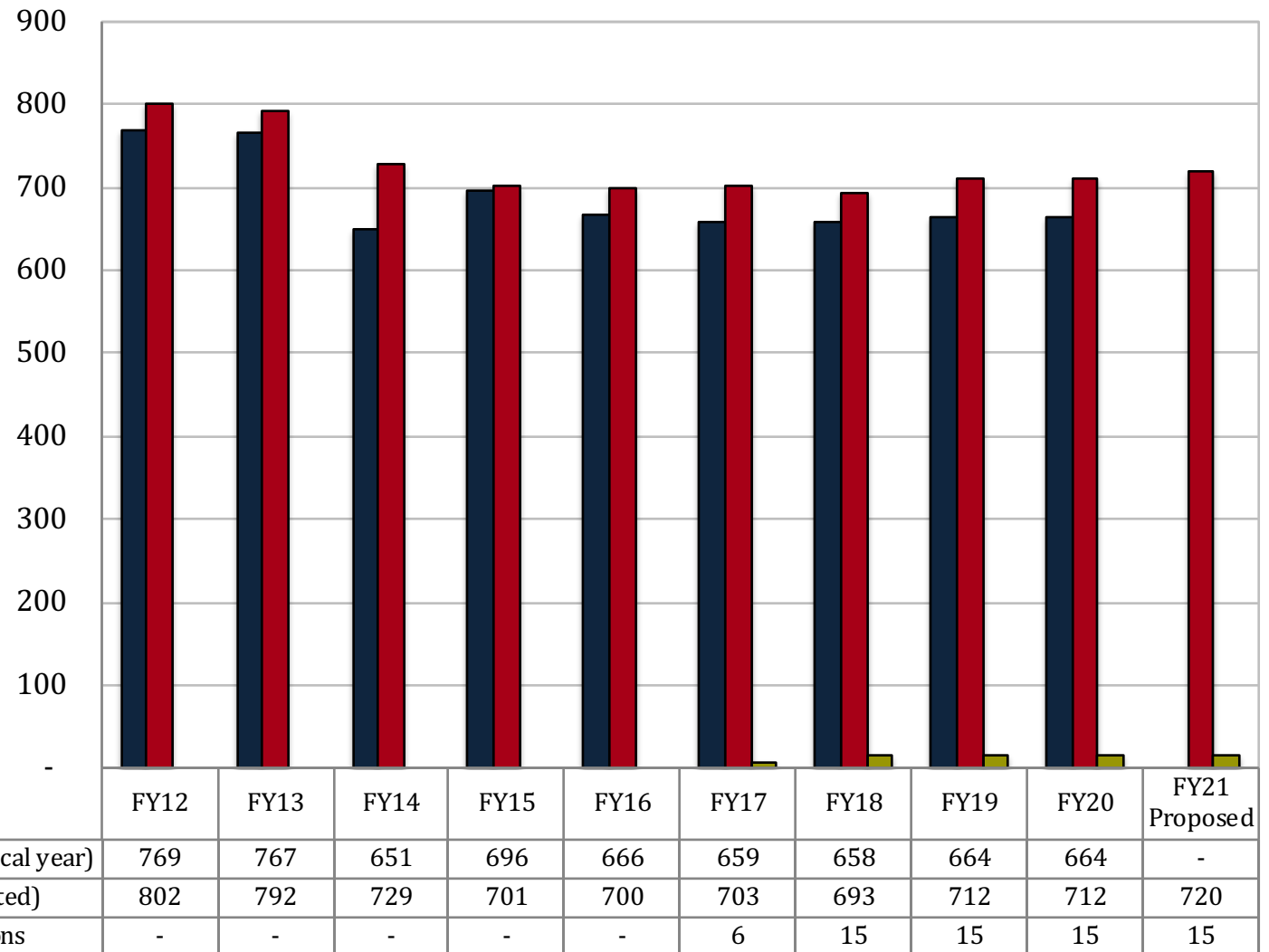
Department of Revenue

FTEs, Authorized Positions, and Other Charges Positions

Total FY21 Proposed Authorized Positions of 720 are **2.1%** of Total State FY21 Proposed Authorized Positions of 33,999.

FY21 Proposed Budget includes funding for related benefits of all positions in the amount of \$26.8 m.

Out of the \$26.8 m, \$13.4 m. are for UAL payments; \$5.1 m. are for retirees' health benefits; and the remaining amount of \$8.3 m. are the employer contributions to the benefits of active employees, of which 0% are SGF.



Notes:

Data for Total FTEs uses the first weekly employment report published by State Civil Service in July at the start of the named fiscal year.

Data for Total Authorized Positions uses fiscal year enacted levels, except for FY21 Proposed.

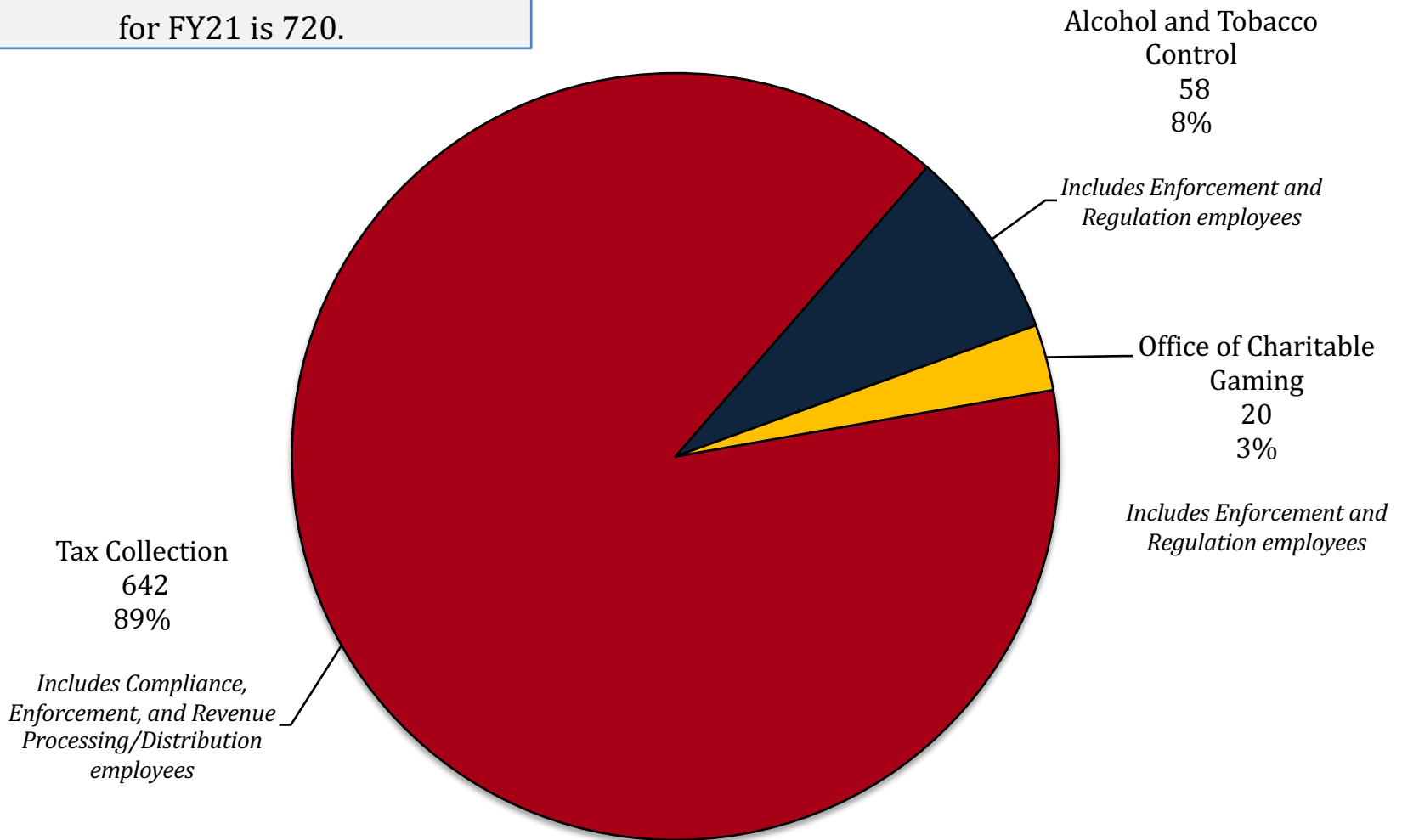
Data for Other Charges Positions are reflected in the Executive Budget per Act 377 of the 2013 Regular Legislative Session (beginning in FY15).



Department of Revenue

FY21 Proposed Total Authorized Positions by Agency

Total Authorized Positions recommended
for FY21 is 720.





FY21 Proposed Budget

Schedule 12 — Staff Demographic Data

The following table shows a breakdown of departmental staff by demographic data.

Gender		
Female	78%	561
Male	22%	158
Race		
Black	61%	439
White	33%	237
Other	6%	43
Retirement Eligible Within 1 Year	15%	108



Incentive Expenditure Forecast

- In accordance with Act 401 of the 2017 Regular Session, the Department of Revenue prepares and presents for recognition by the Revenue Estimating Conference a forecast of incentives paid through the state general fund. These credits, deductions and rebates are considered an expenditure of state general fund revenue.
- This table includes history and an estimate of the amount of state general fund that is expected to be foregone for each incentive. In its official forecast, the Revenue Estimating Conference includes state general fund net of these incentives.
- In FY21, the Department of Revenue is forecasting \$621.7M in state general fund revenue incentive expenditures.
- The Department of Revenue administers the following incentive expenditure programs:

INCENTIVE EXPENDITURES: FORECAST

AUTHORITY

Louisiana Capital Companies Tax Credit Program	R.S. 51:1921	\$ Negligible
Procurement Processing Company Rebate Program	R.S. 47:6351	\$ 28,652,000

(The full Incentive Expenditure Forecast report is on the following page. Most of the remaining incentive expenditure programs are administered by the Department of Economic Development)



Incentive Expenditure Forecast

Schedule 12 – Department of Revenue

INCENTIVE EXPENDITURE FORECAST HISTORICAL AND CURRENT PROJECTIONS AND ACTUALS

May, 2020

Incentive Expenditure	Legal Authority	Adm. Agency	FYE 6-18 (Projected)	FYE 6-18 (Actual)	FYE 6-19 (Projected)	FYE 6-19 (Actual)	FYE 6-20 (Projected)	FYE 6-20 (YTD Actual)	FYE 6-21 (Projected)
Atchafalaya Trace Heritage Area Development Zone	R.S. 25:1226	CRT/LED	\$0	\$0	Unable to anticipate	\$0	Unable to anticipate	\$0	Unable to anticipate
Cane River Heritage Tax Credit	R.S. 47:6026	CRT	Unable to anticipate	\$0	Unable to anticipate	\$0	Unable to anticipate	\$0	Unable to anticipate
Tax Credit for Rehabilitation of Historic Structures	R.S. 47:6019	CRT/LDR	\$78,000,000	\$101,295,455	\$120,000,000	\$77,349,267	\$150,000,000	\$121,878,577	\$123,000,000
Subtotal		CRT	\$78,000,000	\$101,295,455	\$120,000,000	\$77,349,267	\$150,000,000	\$121,878,577	\$123,000,000
Brownfields Investor Tax Credit	R.S. 47:6021	DEQ	\$40,000	\$51,412	Negligible	\$23,039	Negligible	\$19,614	Negligible
Subtotal		DEQ	\$40,000	\$51,412	\$0	\$23,039	\$0	\$19,614	\$0
Louisiana Community Economic Development Act	R.S. 47:6031	LED	Not in effect	\$0	Not in effect	\$0	Not in effect	\$0	Not in effect
Ports of Louisiana Tax Credits	R.S. 47:6036	LED	Unable to anticipate	\$0	Unable to anticipate	\$0	Unable to anticipate	\$0	Unable to anticipate
Motion Picture Investor Tax Credit (See Note 1)	R.S. 47:6007	LED	\$180,000,000	\$180,000,000	\$180,000,000	\$180,000,000	\$180,000,000	\$125,277,897	\$180,000,000
Research and Development Tax Credit	R.S. 47:6015	LED	\$8,000,000	\$4,853,884	\$9,000,000	\$5,411,914	\$7,000,000	\$4,699,130	\$7,000,000
Digital Interactive Media and Software Act	R.S. 47:6022	LED	\$30,000,000	\$11,441,752	\$50,000,000	\$28,954,715	\$75,000,000	\$29,768,897	\$31,700,000
Louisiana Motion Picture Incentive Act	R.S. 47:1121	LED/OFI	Not in effect	\$0	Not in effect	\$0	Not in effect	\$0	Not in effect
New Markets Tax Credit (See Note 2)	R.S. 47:6016	LED/LDR	\$1,000,000	\$1,938,840	Unable to anticipate	-\$3,162,565	Unable to anticipate	\$23,624	Unable to anticipate
University Research and Development Parks	R.S. 17:3389	LED	Not in effect	\$0	Not in effect	\$0	Not in effect	\$0	Not in effect
Industrial Tax Equalization Program	R.S. 47:3201 - 3205	LED	\$4,000,000	\$7,349,133	\$4,000,000	\$12,476,401	\$6,000,000	\$2,401,611	\$14,500,000
Exemptions for Manufacturing Establishments	R.S. 47:4301 - 4306	LED	Unable to anticipate	\$0	\$1,500,000	\$0	\$1,500,000	\$1,500,000	\$1,500,000
Louisiana Enterprise Zone Act	R.S. 51:1781	LED	\$40,000,000	\$33,335,908	\$50,000,000	\$23,647,553	\$52,000,000	\$14,955,971	\$40,000,000
Sound Recording Investor Tax Credit	R.S. 47:6023	LED	\$200,000	\$41,673	\$2,000,000	\$15,372	\$330,000	\$0	\$611,000
Urban Revitalization Tax Incentive Program	R.S. 51:1801	LED	Not in effect	\$0	Not in effect	\$0	Not in effect	\$0	Not in effect
Technology Commercialization Credit and Jobs Program	R.S. 51:2351	LED	\$100,000	\$70,399	Not in effect	Negligible	Not in effect	\$0	Not in effect
Angel Investor Tax Credit Program	R.S. 47:6020	LED	\$2,000,000	\$1,993,213	\$3,000,000	\$1,888,556	\$4,000,000	\$2,685,733	\$4,000,000
Musical and Theatrical Productions Income Tax Credit	R.S. 47:6034	LED	\$7,800,000	\$6,377,078	\$6,000,000	\$2,300,386	\$6,500,000	\$1,838,432	\$6,000,000
Retention and Modernization Act	R.S. 51:2399.1 - .6	LED	\$5,000,000	\$3,815,575	\$6,000,000	\$6,242,541	\$9,000,000	\$2,060,000	\$10,500,000
Tax Credit for Green Jobs Industries	R.S. 47:6037	LED	Not in effect	Not in effect	Not in effect	\$0	Not in effect	\$0	Not in effect
Louisiana Quality Jobs Program Act	R.S. 51:2451	LED	\$100,000,000	\$99,949,313	\$150,000,000	\$140,484,483	\$160,000,000	\$37,317,142	\$165,000,000
Corporate Headquarters Relocation Program	R.S. 51:3111	LED	Not in effect	Not in effect	Not in effect	\$0	Not in effect	\$0	Not in effect
Competitive Projects Payroll Incentive Program	R.S. 51:3121	LED	\$400,000	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal		LED	\$378,500,000	\$351,166,769	\$461,500,000	\$398,259,356	\$501,330,000	\$222,528,437	\$460,811,000
Louisiana Capital Companies Tax Credit Program (See Note 3)	R.S. 51:1921	LDR	Negligible	\$2,699	Negligible	Negligible	Negligible	\$0	Negligible
Procurement Processing Company Rebate Program	R.S. 47:6351	LDR	\$11,500,000	\$10,102,211	\$15,000,000	\$19,026,366	\$25,000,000	\$17,616,709	\$28,652,000
Subtotal		LDR	\$11,500,000	\$10,104,910	\$15,000,000	\$19,026,366	\$25,000,000	\$17,616,709	\$28,652,000
Donations to School Tuition Organizations (Rebates and Credits, See Note 4)	R.S. 47:6301	DOE	\$7,200,000	\$6,745,297	\$8,000,000	\$7,007,125	\$9,250,000	\$14,802,219	\$9,250,000
Subtotal		DOE	\$7,200,000	\$6,745,297	\$8,000,000	\$7,007,125	\$9,250,000	\$14,802,219	\$9,250,000
TOTAL			\$475,240,000	\$469,363,843	\$604,500,000	\$501,665,153	\$685,580,000	\$376,845,556	\$621,713,000

"Negligible" means less than \$10,000

Note 1 - Motion Picture Investor Credits sold to the state under the buy back provisions of R.S. 47:6007 are accounted for based on when the check associated with the buy back is issued rather than the date the credit is transferred to the state for buy back. Projections are limited to the \$180,000,000 credit cap set forth in Acts 2015, No. 134. FYE 6/18 and FYE 6/19 actuals are also limited to the cap but due to deferrals not claimed in the proper fiscal year, the amount issued may be different.

Note 2 - New Markets Jobs Act, R.S. 47:6016.1, reduced insurance premium taxes by \$4,675,020 in FYE 6-17 and have been all exhausted.

Note 3 - Louisiana Capital Companies Tax Credit Program also allows a credit against insurance premium taxes, reducing insurance premium taxes by \$122,903 in FYE 6-17 and \$19,684 in FYE 6-18.

Note 4 - Donations made to School Tuition Organizations prior to January 1, 2018 are eligible for the rebate. Donations made on or after January 1, 2018 are eligible for a nonrefundable income tax

This report was prepared in accordance with LA R.S. 39:24.1 for use at the Revenue Estimating Conference scheduled for May 11, 2020.



Department of Revenue

Office of Debt Recovery

The Office of Debt Recovery (ODR) was established by Act 399 of the 2013 Regular Session. It is an office within the Department of Revenue created to collect delinquent taxes and other debt on behalf of other state agencies using collection tools available to LDR. All agencies without contracts with the Attorney General's Office (by January 1, 2014) refer all outstanding final debt to ODR.

There are currently 115 Agency Participation Agreements.

ODR Collections Since Inception	\$208,075,729
FY20 YTD (through 12/31/19)	\$23,071,411
FY19	\$60,750,004
FY18	\$31,948,792
FY17	\$41,427,463
FY16	\$50,781,585
FY15	\$96,474



Department of Revenue

Enacted Appropriation vs. Actual Expenditure Analysis — FY17 to FY19

The following charts show Enacted vs. Actual budget comparisons for the specified fiscal years. Rarely are these totals exactly the same. The differences can be attributed to a number of reasons: revenue that was not collected, and therefore, expenditures that could not be made; unanticipated revenue shortfalls that may require a supplemental appropriation; expenditure authority that was anticipated to be needed but the expense never materialized; etc.

Revenue Department	FY17 Enacted	FY17 Actual	FY17 Difference
State General Fund	\$44,207,089	\$12,040,331	(\$32,166,758)
Interagency Transfers	\$243,000	\$219,816	(\$23,184)
Fees and Self-generated Revenues	\$53,314,548	\$75,222,816	\$21,908,268
Statutory Dedications	\$628,583	\$571,049	(\$57,534)
Federal	\$0	\$0	\$0
TOTAL	\$98,393,220	\$88,054,012	(\$10,339,208)

Note 1 – Negative *Difference* numbers show excess budget authority or less revenue than anticipated.

Revenue Department	FY18 Enacted	FY18 Actual	FY18 Difference
State General Fund	\$33,892,165	\$33,892,156	(\$9)
Interagency Transfers	\$243,000	\$352,067	\$109,067
Fees and Self-generated Revenues	\$65,888,822	\$63,374,222	(\$2,514,600)
Statutory Dedications	\$543,583	\$543,583	\$0
Federal	\$0	\$0	\$0
TOTAL	\$100,567,570	\$98,162,028	(\$2,405,542)

Note 2 — Cells highlighted in yellow mean more funding was needed or that a funding source was underbudgeted.

In FY18 and FY19, the Revenue Department has been overbudgeted in Fees and Self-generated Revenues. Interagency transfers have been underbudgeted in FY18 and FY19.

Revenue Department	FY19 Enacted	FY19 Actual	FY19 Difference
State General Fund	\$ -	\$ -	\$0
Interagency Transfers	\$ 285,000	\$ 526,287	\$241,287
Fees and Self-generated Revenues	\$ 101,571,220	\$ 95,899,651	(\$5,671,569)
Statutory Dedications	\$ 550,000	\$ 550,000	\$0
Federal	\$ -	\$ -	\$0
TOTAL	\$ 102,406,220	\$ 96,975,938	(\$5,430,282)



Department of Revenue

Audit Findings

July 10, 2019

LDR's Business Tax Enforcement (BCE) division collections increased 24.7% from \$65 million in fiscal year 2016 to \$81.1 million in fiscal year 2018. However, the number of incoming collection cases increased by 92%, a \$170.8 million increase in new unpaid tax debt since fiscal year 2016. An examination of BTE's enforcement process found it does not always prioritize cases to determine which ones offer the best possibility of collecting the unpaid taxes. In addition, LDR could better use data to evaluate which enforcement actions are the most effective. LDR also could increase voluntary compliance by changing the tax letter it sends out to plain language, making its website more user-friendly, and improving its call center.

December 23, 2019

LDR incorrectly reported accounts receivable balances in its 2019 Annual Fiscal Report, which is used by the Division of Administration, Office of Statewide Reporting and Accounting Policy to compile Louisiana's Comprehensive Annual Financial Report. Gross receivables were understated by \$34.4 million and the allowance for uncollectables for qualified receivables was understated by approximately \$166.6 million. In addition, a lack of effective controls over the approval and release of refund ACH batch files contributed to the issuance of duplicate income tax refunds to 66,780 individuals totaling \$26.9 million. As of November 9, 2019, LDR still had not recovered 6,295 refunds totaling \$1,953,570.



Department of Revenue

Departmental Issues

Duplicate Refunds

An error in an electronic payment system caused 66,780 state individual income tax refunds issued on Tuesday, March 12, 2019 to be issued a second time on Wednesday, March 13, 2019. The affected refunds were issued electronically through the ACH Clearinghouse out of the Office of Technology Services. The system error caused the issuance of more than \$26.9 million in duplicate tax refunds. The error was identified early on March 13 and corrected with new procedures put in place to keep it from happening again. Through 2/28/20, about \$25.2 million of the duplicate refunds have been returned to the State, and it is expected that capture of associated income tax refunds from 2019 taxes will increase collections of the outstanding \$1.7M.



Impact from COVID-19

Department of Revenue

The Department will receive no direct revenue from the Federal relief package.

Operational Impacts

- Normal collection and most enforcement activities are being maintained with a majority of employees working remotely
- Authorized State tax filing and payment extensions for over 25 returns covering income, sales, excise and severance taxes.
- Tax assessments, audits and litigation have been delayed or temporarily suspended in keeping with limited travel and closure of state offices and state courts.
- Expanded remote efforts to maintain open communication with all stakeholders
- LDR continues to publish guidance and will analyze impacts of federal relief:
 - Potential increase in state revenue due to federal employee retention tax credits
 - Income tax on increased unemployment benefits
 - Status of economic impact payments paid by the federal government (2.2 million residents received checks of \$3.7B as of May 22)
- Voluntarily assigned 30 employees to DCFS for SNAP administration and provided support through ATC officers to LA State Police and State Fire Marshall for state park patrols and security details in areas providing housing for homeless, including hotels, state parks and other locations



Impact from COVID-19

Department of Revenue

Financial Impacts

Expenditures:

The Department estimates \$750,000 in COVID-19 additional expenditures in FY 20 from salaries and benefits related to re-assignments and sanitation supplies and efforts.

Revenue:

The Department is fully funded with Self-generated revenue mostly tied to tax collection. To the extent that tax collection decreases, it is assumed that the agency SGR will decrease as well. With information known to date, the agency is estimating the FY20 revenue will decline by about \$16M, which will be taken from carryforward SGR that was presumed available for FY21 when the budget was first created. As more information becomes known, needs in FY21 will be evaluated and adjustments made in expenditures without jeopardizing the agencies statutory requirements of collection and enforcement of taxes. Any shortages may result in a request for state general fund, though that determination has not yet been made.



Department of Revenue

House Amendments to HB 105

House Amendments to HB105						
HB 105	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Original	\$0	\$285,000	\$111,893,887	\$657,914	\$0	\$112,836,801
Appropriations Amendments:	State General Fund	Interagency Transfers	Fees and Self-generated Revenues	Statutory Dedications	Federal	TOTAL
Tax Collection	\$0	\$0	\$0	\$0	\$0	\$0
Alcohol & Tobacco Control	\$0	\$0	\$17,530	\$0	\$0	\$17,530
Charitable Gaming	\$0	\$0	\$0	\$0	\$0	\$0
Engrossed	\$0	\$285,000	\$111,911,417	\$657,914	\$0	\$112,854,331
<i>Difference HB105 Original to HB105 Engrossed</i>	\$0	\$0	\$17,530	\$0	\$0	\$17,530
FY21 Proposed	\$0	\$285,000	\$111,893,887	\$657,914	\$0	\$112,836,801
<i>Difference HB105 Original to FY21 Proposed</i>	\$0	\$0	\$0	\$0	\$0	\$0
<i>Difference HB105 Engrossed to FY21 Proposed</i>	\$0	\$0	\$17,530	\$0	\$0	\$17,530

House Appropriations Committee increased fees and self-generated revenue to the ATC for activities related to law enforcement and probation regarding alcohol, tobacco and human trafficking.

HB1 Original funding is the same as HB 105 Re-engrossed at \$112,854,331.