

DEPARTMENT OF REVENUE

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	FY 2012 REQUEST	GOVERNOR RECOMMENDS FY 2012
Administration Division	\$ 16,123,827	\$ 12,853,812	\$ 14,359,231	\$ 13,518,040
Taxation Division	14,001,439	23,464,826	23,267,758	30,998,724
Motor Vehicle and Driver Licensing Division	1,236,128	1,890,147	3,168,469	3,165,050
Legal Services Division	2,409,521	2,327,668	2,308,100	2,307,727
Highway Collections	22,567,340	22,122,578	22,260,860	22,243,362
State Tax Commission	2,624,465	2,748,085	2,744,082	2,742,109
Distributions	218,661,919	218,036,246	217,324,752	217,536,084
State Lottery Commission	162,800,228	148,247,339	148,247,339	147,991,339
DEPARTMENTAL TOTAL	\$ 440,424,867	\$ 431,690,701 *	\$ 433,680,591	\$ 440,502,435
General Revenue Fund	70,882,549	71,461,586	73,454,536	80,539,880
Federal Budget Stabilization Fund	5,462,769	0	0	0
Federal Funds	3,330,445	6,865,545	6,865,545	6,865,545
Child Support Enforcement Fund	1,820,225	2,624,213	2,624,213	2,624,213
Health Initiatives Fund	54,152	59,087	59,087	59,087
Elderly Home-Delivered Meals Trust Fund	11,788	12,582	12,582	12,582
Petroleum Storage Tank Insurance Fund	24,486	27,654	27,654	27,654
Motor Vehicle Commission Fund	773,403	1,155,065	1,155,065	1,155,065
Conservation Commission Fund	544,257	557,159	557,159	557,159
Department of Revenue Information Fund	797,676	808,873	808,873	808,873
State Highways and Transportation Department Fund	11,746,392	11,830,895	11,827,835	11,820,335
Lottery Enterprise Fund	162,800,228	148,247,339	148,247,339	147,991,339
Petroleum Inspection Fund	29,581	35,497	35,497	35,497
Motor Fuel Tax Fund	182,146,916	188,000,000	188,000,000	188,000,000
Department of Revenue Specialty Plate Fund	0	5,206	5,206	5,206
Total Full-time Equivalent Employees	1,400.08	1,418.35	1,433.35	1,427.85
General Revenue Fund	946.63	963.06	978.06	980.56
Federal Funds	3.18	11.74	11.74	11.74
Other Funds	450.27	443.55	443.55	435.55

* Does not include \$5,019,005 recommended in the Fiscal Year 2011 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Revenue supplemental appropriations.

DEPARTMENT SUMMARY

The Fiscal Year 2012 budget provides \$437.8 million for the Department of Revenue. The department serves as the primary revenue collection agency for the State of Missouri. It strives to ensure all taxes and fees owed to the state are paid; its duties and services are performed according to statutory and regulatory standards; and revenues are collected at 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 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Administration Division	\$ 13,512,864	\$ 10,168,763	\$ 10,156,222
Postage	<u>2,610,963</u>	<u>2,685,049</u>	<u>3,361,818</u>
TOTAL	\$ 16,123,827	\$ 12,853,812	\$ 13,518,040
PERSONAL SERVICE			
General Revenue Fund	7,853,160	1,247,362	1,247,362
Federal Funds	25,626	50,758	50,758
Other Funds	17,316	24,372	24,372
EXPENSE AND EQUIPMENT			
General Revenue Fund	2,940,958	2,591,684	3,255,912
Federal Funds	3,119,269	5,970,006	5,970,006
Other Funds	2,167,498	2,969,630	2,969,630
TOTAL			
General Revenue Fund	10,794,118	3,839,046	4,503,274
Federal Funds	3,144,895	6,020,764	6,020,764
Other Funds	2,184,814	2,994,002	2,994,002
Total Full-time Equivalent Employees			
General Revenue Fund	176.91	39.66	39.66
Federal Funds	175.61	37.04	37.04
Other Funds	0.78	1.74	1.74
Other Funds	0.52	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, and training. The Internal Compliance Bureau reviews and evaluates the department's accounting controls and appraises the effectiveness and efficiency of the use of department resources.

Fiscal Year 2012 Governor's Recommendations

- \$701,667 for postage.
- (\$37,439) core reduction from the Fiscal Year 2011 appropriation level.

**DEPARTMENT OF REVENUE
TAXATION DIVISION**

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Taxation Division	\$ 14,001,439	\$ 23,464,826	\$ 25,998,724
Integrated Tax System	0	0	5,000,000
TOTAL	\$ 14,001,439	\$ 23,464,826	\$ 30,998,724
PERSONAL SERVICE			
General Revenue Fund	11,710,295	20,172,125	20,238,625
Other Funds	640,420	660,444	660,444
EXPENSE AND EQUIPMENT			
General Revenue Fund	1,587,154	2,607,438	10,074,836
Other Funds	17,289	24,819	24,819
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	46,281	0	0
TOTAL			
General Revenue Fund	13,343,730	22,779,563	30,313,461
Other Funds	657,709	685,263	685,263
Total Full-time Equivalent Employees	458.78	621.60	624.10
General Revenue Fund	433.85	596.68	599.18
Other Funds	24.93	24.92	24.92

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 and handle taxpayer assistance inquiries. The division's auditors are also stationed in four out-of-state offices (Chicago, Dallas, Atlanta, and New York) to foster compliance with Missouri tax laws.

Fiscal Year 2012 Governor's Recommendations

- \$5,000,000 for an integrated tax system to facilitate the collection of taxes owed, the cost will be more than offset by increased collections.
- \$2,147,250 to centralize the State's outstanding debt collections, including \$1,500,000 one-time expenditures, the cost will be more than offset by increased collections.
- \$470,000 and 2.5 staff for one-time expenditures to implement a tax amnesty program.
- \$131,560 for the federal reciprocal vendor offset program, including \$37,400 for one-time expenditures.
- (\$214,912) core reduction from the Fiscal Year 2011 appropriation level.

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

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Motor Vehicle and Driver Licensing Division TOTAL	\$ 1,236,128	\$ 1,890,147	\$ 3,165,050
PERSONAL SERVICE			
General Revenue Fund	193,665	134,013	618,777
Federal Funds	34,118	199,141	199,141
Other Funds	562,490	566,495	566,495
EXPENSE AND EQUIPMENT			
General Revenue Fund	201,410	63,164	853,303
Federal Funds	21,599	379,816	379,816
Other Funds	222,846	547,518	547,518
TOTAL			
General Revenue Fund	395,075	197,177	1,472,080
Federal Funds	55,717	578,957	578,957
Other Funds	785,336	1,114,013	1,114,013
Total Full-time Equivalent Employees	30.20	33.05	48.05
General Revenue Fund	7.52	7.05	22.05
Federal Funds	0.76	5.00	5.00
Other Funds	21.92	21.00	21.00

The Motor Vehicle and Driver Licensing Division administers Missouri laws relating to the licensing of drivers and the titling and registration of motor vehicles, all-terrain vehicles, trailers, manufactured homes, and marine-craft. The division also directs the operations of the contract license offices throughout the state and awards the offices through a competitive bid process.

Fiscal Year 2012 Governor's Recommendations

- \$1,186,322 and 15 staff to provide non-confidential records to the public.
- \$92,000 to lease printers for the motor vehicle contract offices, including \$72,000 for one-time expenditures.
- (\$3,419) core reduction from the Fiscal Year 2011 appropriation level.

**DEPARTMENT OF REVENUE
LEGAL SERVICES DIVISION**

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Legal Services Division TOTAL	\$ 2,409,521	\$ 2,327,668	\$ 2,307,727
PERSONAL SERVICE			
General Revenue Fund	1,690,774	1,430,010	1,411,010
Federal Funds	61,591	195,824	195,824
Other Funds	425,914	455,981	455,981
EXPENSE AND EQUIPMENT			
General Revenue Fund	161,205	139,776	138,835
Federal Funds	68,242	70,000	70,000
Other Funds	1,795	36,077	36,077
TOTAL			
General Revenue Fund	1,851,979	1,569,786	1,549,845
Federal Funds	129,833	265,824	265,824
Other Funds	427,709	492,058	492,058
Total Full-time Equivalent Employees	56.15	52.15	52.15
General Revenue Fund	43.67	36.15	36.15
Federal Funds	1.64	5.00	5.00
Other Funds	10.84	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 Criminal Investigation Bureau investigates suspected violations of the tax, motor vehicle, and driver license laws, and prepares cases for prosecution.

Fiscal Year 2012 Governor's Recommendations

- (\$19,941) core reduction from the Fiscal Year 2011 appropriation level.

**DEPARTMENT OF REVENUE
HIGHWAY COLLECTIONS**

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Highway Collections - Taxation Division	\$ 1,371,281	\$ 1,826,265	\$ 1,826,265
Highway Collections - Motor Vehicle and Driver Licensing Division	14,364,664	12,955,593	12,774,507
Highway Collections - Legal Services Division	2,220,426	2,131,734	2,094,174
Highway Collections - Attorney Fees	0	5,000	5,000
Highway Collections - Postage	2,942,517	2,508,736	2,899,699
Highway Collections - Administration Division	1,668,452	2,695,250	2,643,717
TOTAL	\$ 22,567,340	\$ 22,122,578	\$ 22,243,362
PERSONAL SERVICE			
General Revenue Fund	7,513,792	7,730,469	7,415,606
Other Funds	6,507,556	6,773,445	6,773,445
EXPENSE AND EQUIPMENT			
General Revenue Fund	3,217,156	2,561,214	3,007,421
Federal Funds	90,000	0	0
Other Funds	5,238,836	5,057,450	5,046,890
TOTAL			
General Revenue Fund	10,730,948	10,291,683	10,423,027
Federal Funds	90,000	0	0
Other Funds	11,746,392	11,830,895	11,820,335
Total Full-time Equivalent Employees	459.34	454.39	454.39
General Revenue Fund	233.91	232.14	232.14
Other Funds	225.43	222.25	222.25

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 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 Taxation, Motor Vehicle and Driver Licensing, Administration, and Legal Services Divisions.

Fiscal Year 2012 Governor's Recommendations

- \$390,963 for postage costs.
- \$80,000 for increased license plate costs.
- (\$347,119) core reduction from the Fiscal Year 2011 appropriation level, including (\$339,619) general revenue.
- (\$3,060) State Highways and Transportation Department Fund transferred to the Office of Administration for leasing costs.

**DEPARTMENT OF REVENUE
STATE TAX COMMISSION**

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
State Tax Commission TOTAL	\$ 2,624,465	\$ 2,748,085	\$ 2,742,109
PERSONAL SERVICE EXPENSE AND EQUIPMENT TOTAL	2,386,736 237,729	2,525,527 222,558	2,525,527 216,582
General Revenue Fund	2,624,465	2,748,085	2,742,109
Total Full-time Equivalent Employees	52.07	54.00	54.00
General Revenue Fund	52.07	54.00	54.00

The State Tax Commission is a quasi-judicial administrative agency created by the Missouri Constitution to perform six basic functions. These functions are: 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 policy 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 public utilities.

Fiscal Year 2012 Governor's Recommendations

- (\$5,976) core reduction from the Fiscal Year 2011 appropriation level.

**DEPARTMENT OF REVENUE
DISTRIBUTIONS**

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Prosecuting Attorneys and Collection Agencies Fees	\$ 2,415,473	\$ 2,009,425	\$ 2,009,425
County Filing Fees	225,000	465,000	465,000
State Share of Assessment Maintenance Costs	12,902,960	12,480,296	12,691,628
Motor Fuel Tax Distribution to Cities and Counties	182,146,916	188,000,000	188,000,000
Emblem Use Fee Distribution	100	1,000	1,000
County Stock Insurance Tax	1,294,983	500,000	500,000
Homestead Preservation Tax Credit	2,488,612	796,191	0
Debt Offset For Tax Credits Transfer	259,589	200,000	200,000
Debt Offset Transfer	11,387,972	11,292,384	11,292,384
Circuit Courts Escrow Transfer	1,456,882	505,500	505,500
Income Tax Check-Off Refund Designations	324,238	396,000	396,000
General Revenue Reimbursement to State			
Highway and Transportation Fund	2,884,157	0	0
Downtown Revitalization Preservation Transfer	0	150,000	234,697
State Supplemental Downtown Development Transfer	875,037	1,240,450	1,240,450
TOTAL	\$ 218,661,919	\$ 218,036,246	\$ 217,536,084
EXPENSE AND EQUIPMENT			
General Revenue Fund	431,712	500,000	500,000
PROGRAM SPECIFIC DISTRIBUTION			
General Revenue Fund	30,710,522	29,536,246	29,036,084
Federal Funds	5,372,769	0	0
Other Funds	182,146,916	188,000,000	188,000,000
TOTAL			
General Revenue Fund	31,142,234	30,036,246	29,536,084
Federal Funds	5,372,769	0	0
Other Funds	182,146,916	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 for payment of a collection fee of 20 percent of delinquent taxes, licenses, or fees recovered on behalf of the state by circuit or prosecuting attorneys. The collection fee is deposited 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 permits a collection fee not to exceed 25 percent of the amount collected.

Fiscal Year 2012 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 2012 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 the costs and expenses for maintaining assessments by the county assessors and the St. Louis City assessor.

Fiscal Year 2012 Governor's Recommendations

- \$211,332 for the state share of assessment maintenance costs.

MOTOR FUEL TAX DISTRIBUTION TO CITIES AND COUNTIES

Missouri Constitution Article IV, Section 30(a)(2) requires 15 percent of the net proceeds from the Motor Fuel Tax collections be allocated 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 that 10 percent of the net proceeds from Motor Fuel Tax collections be distributed 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 that 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, be distributed to the counties to assist in the maintenance of county roads, highways, and bridges.

Fiscal Year 2012 Governor's Recommendations

Continue funding at the current level.

EMBLEM USE FEE DISTRIBUTION

Under Section 301.3141, RSMo, contributions to the "Veterans of Foreign Wars Department of Missouri" may be used to apply for a specialty license plate. The contributions can be made to the Department of Revenue, which then remits them to the Veterans of Foreign Wars Department of Missouri.

Fiscal Year 2012 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 2012 Governor's Recommendations

Continue funding at the current level.

HOMESTEAD PRESERVATION TAX CREDIT

Section 137.106, RSMo, the Homestead Preservation Act, enables qualified senior citizens and disabled persons to obtain a credit against their property taxes for an increase to their taxes that exceeds statutory thresholds. This appropriation provides funds to be distributed to county governments to offset property taxes of qualified applicants. The Homestead Preservation Tax Credit expired August 28, 2010.

Fiscal Year 2012 Governor's Recommendations

- (\$796,191) core reduction from the Fiscal Year 2011 appropriation level.

DEPARTMENT OF REVENUE DISTRIBUTIONS

DEBT OFFSET FOR TAX CREDITS TRANSFER

Section 135.815, RSMo, requires that tax credit applicants must 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 2012 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 2012 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 2012 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 any income tax refund that they are owed to numerous separate state trust funds and separate charitable trust funds. The amounts designated by taxpayers for distribution to the various trust funds are transferred from the General Revenue Fund.

Fiscal Year 2012 Governor's Recommendations

Continue funding at the current level.

DOWNTOWN REVITALIZATION PRESERVATION TRANSFER

Section 99.1092, RSMo, requires the department to annually transfer the first \$15,000,000 of other net new revenues generated by redevelopment projects to the Downtown Revitalization Preservation Fund.

Fiscal Year 2012 Governor's Recommendations

- \$84,697 transferred to the Downtown Revitalization Preservation Fund.

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 2012 Governor's Recommendations

Continue funding at the current level.

**DEPARTMENT OF REVENUE
STATE LOTTERY COMMISSION**

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Lottery Commission - Operating	\$ 37,800,923	\$ 46,247,339	\$ 45,991,339
Lottery Commission - Prizes	<u>124,999,305</u>	<u>102,000,000</u>	<u>102,000,000</u>
TOTAL	\$ 162,800,228	\$ 148,247,339	\$ 147,991,339
PERSONAL SERVICE	6,837,784	6,993,837	6,737,837
EXPENSE AND EQUIPMENT	155,961,347	141,243,502	141,243,502
PROGRAM SPECIFIC DISTRIBUTION	1,097	10,000	10,000
TOTAL			
Lottery Enterprise Fund	162,800,228	148,247,339	147,991,339
Total Full-time Equivalent Employees	166.63	163.50	155.50
Other Funds	166.63	163.50	155.50

The Missouri Constitution, Article III, Section 39(b), as approved by the voters of Missouri, established the Missouri State Lottery. The enabling statutes are contained in Sections 313.200 through 313.353, RSMo. The Missouri State Lottery is charged with carrying out the functions of a lottery and transferring 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 2012 Governor's Recommendations

- (\$256,000) and (eight) staff core reduction from the Lottery Enterprise Fund from the Fiscal Year 2011 appropriation level.

LOTTERY ENTERPRISE FUND TRANSFER

FINANCIAL SUMMARY

	FY 2010 EXPENDITURE	FY 2011 APPROPRIATION	GOVERNOR RECOMMENDS FY 2012
Lottery Enterprise Fund	\$ 255,030,946	\$ 259,000,000	\$ 259,000,000

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 2012 Governor's Recommendations

Continue funding at the current level.