

Department of Revenue Services

DRS16000

Position Summary

Account	Actual FY 14	Governor Estimated FY 15	Governor Recommended		Legislative	
			FY 16	FY 17	FY 16	FY 17
Permanent Full-Time - GF	665	665	650	650	660	660

Budget Summary

Account	Actual FY 14	Governor Estimated FY 15	Governor Recommended		Legislative	
			FY 16	FY 17	FY 16	FY 17
Personal Services	55,603,677	59,823,459	61,009,154	61,451,942	61,648,494	62,091,282
Other Expenses	8,679,502	8,429,265	7,720,265	7,722,172	8,395,265	7,722,172
Equipment	0	1	0	0	0	0
Other Current Expenses						
Collection and Litigation Contingency Fund	8,266	94,294	0	0	0	0
Nonfunctional - Change to Accruals	272,634	308,861	0	0	0	0
Agency Total - General Fund	64,564,079	68,655,880	68,729,419	69,174,114	70,043,759	69,813,454
Additional Funds Available						
Private Contributions & Other Restricted	78,498	35,000	35,000	35,000	35,000	35,000
Agency Grand Total	64,642,578	68,690,880	68,764,419	69,209,114	70,078,759	69,848,454

Account	Legislative				Difference from Governor Recommended			
	FY 16		FY 17		FY 16		FY 17	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Current Services

Adjust Funding to Reflect Wage & Compensation Related Costs

Personal Services	0	2,759,572	0	3,202,360	0	0	0	0
Total - General Fund	0	2,759,572	0	3,202,360	0	0	0	0

Governor

Provide funding of \$2,759,572 in FY 16 and \$3,202,360 in FY 17 to reflect current services wage-related adjustments such as annual increments, general wage increases, and other compensation-related adjustments.

Legislative

Same as Governor

Eliminate Funding for One-Time Tax Collection Initiative

Other Expenses	0	(700,000)	0	(700,000)	0	0	0	0
Total - General Fund	0	(700,000)	0	(700,000)	0	0	0	0

Background

The FY 15 Revised Budget provided funding of \$700,000 for an enhanced revenue collections initiative to include: 1) working with taxpayers that were not eligible for the 2013 Tax Amnesty Program or that did not take advantage of it, 2) pursuing non-filers, 3) resolving disputed tax shifting resulting from business transfer payments, 4) expanded federal and interstate data matching, 5) responsible person billing for businesses not remitting or not filing taxes, 6) increased interagency data matching, 7) expanded interagency tax clearances and offsets against state tax payments, and 8) tax fraud reduction. The FY 15 Revised Budget also included a revenue gain of \$75 million from this initiative.

Account	Legislative				Difference from Governor Recommended			
	FY 16		FY 17		FY 16		FY 17	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Governor

Reduce funding of \$700,000 in both FY 16 and FY 17 to eliminate one-time funding provided for the FY 15 enhanced revenue collections initiative.

Legislative

Same as Governor

Apply Inflationary Increases

Other Expenses	0	196,312	0	445,039	0	0	0	0
Total - General Fund	0	196,312	0	445,039	0	0	0	0

Background

Applying inflationary factors to current year expenditures provides an estimate of the cost of continuing services into the next year.

Governor

Increase funding for Other Expenses by \$196,312 in FY 16 and an additional \$248,727 in FY 17 (for a cumulative total of \$445,039 in the second year) to reflect inflationary increases.

Legislative

Same as Governor

Increase Funding for Postage Costs

Other Expenses	0	66,000	0	67,907	0	0	0	0
Total - General Fund	0	66,000	0	67,907	0	0	0	0

Background

The Department of Revenue Services spent approximately \$1.7 million on postage in FY 14.

Governor

Provide funding of \$66,000 in FY 16 and \$67,907 in FY 17 for increased postage costs for certified mail.

Legislative

Same as Governor

Policy Revisions

Provide Funding to Implement New Tax Provisions

Personal Services	10	639,340	10	639,340	10	639,340	10	639,340
Other Expenses	0	675,000	0	0	0	675,000	0	0
Total - General Fund	10	1,314,340	10	639,340	10	1,314,340	10	639,340

Legislative

Provide funding of \$1,314,340 in FY 16 and \$639,340 in FY 17 to implement changes to the Personal Income Tax and Corporation Business Tax included in PA 15-244, the FY 16 and FY 17 budget bill, as amended by PA 15-5 JSS, a budget implementer. Funding of \$639,340 is provided in both FY 16 and FY 17 in Personal Services for three Tax Correction Examiners (\$55,000 each), five Revenue Examiners (\$64,000 each), and two Tax Attorneys (\$77,170 each). Additionally, one-time funding of \$675,000 is provided in FY 16 in Other Expenses for associated costs including updating the online Taxpayer Service Center and internal Integrated Tax Administration System, as well as for tax form alteration and printing costs.

Eliminate Funding for 15 Vacancies

Personal Services	(15)	(1,023,877)	(15)	(1,023,877)	0	0	0	0
Total - General Fund	(15)	(1,023,877)	(15)	(1,023,877)	0	0	0	0

Account	Legislative				Difference from Governor Recommended			
	FY 16		FY 17		FY 16		FY 17	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Governor

Reduce funding of \$1,023,877 in both FY 16 and FY 17 to reflect the elimination of 15 funded vacancies within the agency.

Legislative

Same as Governor

Eliminate Funding for Collection & Litigation Account

Collection and Litigation Contingency Fund	0	(94,294)	0	(94,294)	0	0	0	0
Total - General Fund	0	(94,294)	0	(94,294)	0	0	0	0

Background

The Collection and Litigation Contingency account provides funding to collections agencies. Expenditures are then offset by revenue generated from collection activities thus replenishing the account.

Governor

Reduce funding of \$94,294 in both FY 16 and FY 17 to reflect the elimination of the Collection and Litigation Contingency account.

Legislative

Same as Governor

Rollout of FY 15 Rescissions

Personal Services	0	(550,000)	0	(550,000)	0	0	0	0
Other Expenses	0	(75,000)	0	(75,000)	0	0	0	0
Total - General Fund	0	(625,000)	0	(625,000)	0	0	0	0

Background

The Governor implemented General Fund rescissions totaling \$86.3 million across state agencies. The Governor's FY 16 and FY 17 budget includes the rollout of \$31.7 million of FY 15 rescissions across various agencies.

Governor

Reduce funding of \$625,000 in both FY 16 and FY 17 to reflect the rollout of the Governor's FY 15 rescissions.

Legislative

Same as Governor

Consolidate Funding for GAAP

Nonfunctional - Change to Accruals	0	(308,861)	0	(308,861)	0	0	0	0
Total - General Fund	0	(308,861)	0	(308,861)	0	0	0	0

Governor

Reduce funding by \$308,861 in both FY 16 and FY 17 to reflect the consolidation of Generally Accepted Accounting Principles (GAAP) funding within the Office of the State Comptroller - Miscellaneous Accounts.

Legislative

Same as Governor

Eliminate Inflationary Increases

Other Expenses	0	(196,312)	0	(445,039)	0	0	0	0
Total - General Fund	0	(196,312)	0	(445,039)	0	0	0	0

Governor

Reduce Other Expenses by \$196,312 in FY 16 and \$445,039 in FY 17 to reflect the elimination of inflationary increases.

Legislative

Same as Governor

Account	Legislative				Difference from Governor Recommended			
	FY 16		FY 17		FY 16		FY 17	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount

Obtain Equipment through the CEPF

Equipment	0	(1)	0	(1)	0	0	0	0
Total - General Fund	0	(1)	0	(1)	0	0	0	0

Background

The Capital Equipment Purchase Fund (CEPF) is used by most executive branch agencies to purchase or lease equipment with a life span of at least five years. The state funds these purchases by issuing GO bonds with maturities of up to five years. The CEPF is authorized by CGS Sec. 4a-9 and administered by the Office of Policy and Management.

Governor

Remove funding for the purchase of various equipment items for the agency from the General Fund and provide funding for these items through the CEPF (Bond Funds).

Legislative

Same as Governor

Totals

Budget Components	Legislative				Difference from Governor Recommended			
	FY 16		FY 17		FY 16		FY 17	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Governor Estimated - GF	665	68,655,880	665	68,655,880	0	0	0	0
Current Services	0	2,321,884	0	3,015,306	0	0	0	0
Policy Revisions	(5)	(934,005)	(5)	(1,857,732)	10	1,314,340	10	639,340
Total Recommended - GF	660	70,043,759	660	69,813,454	10	1,314,340	10	639,340

Other Significant Legislation

PA 15-244, An Act Concerning the State Budget for the Biennium Ending June 30, 2017, and Making Appropriations Therefor, and Other Provisions Related to Revenue, Deficiency Appropriations and Tax Fairness and Economic Development

Sections 10, 11, 12, 38 and 41 contain provisions that allow the Secretary of the Office of Policy and Management (OPM) to allocate specific lapses to state agencies in the three branches of government (these are typically called holdbacks). The agency's FY 16 appropriation levels will be reduced by the amounts shown in the table below to achieve the lapses included in PA 15-244 and PA 15-5 JSS. This includes a General Lapse of \$206,558, a Statewide Hiring Reduction of \$947,398, a General Employee Lapse of \$104,043, and Overtime Savings of \$10,581. See the FY 16 Holdbacks schedule in Section V of this document for a further description of these statewide savings targets.

PA 15-5 JSS, An Act Implementing Provisions of the State Budget for the Biennium Ending June 30, 2017, Concerning General Government, Education, Health and Human Services and Bonds of the State

Section 156 contains provisions that allow the Secretary of the Office of Policy and Management (OPM) to allocate specific lapses to state agencies in the three branches of government (these are typically called holdbacks). The agency's FY 16 appropriation levels will be reduced by the amounts shown in the table below to achieve the lapses included in PA 15-244 and PA 15-5 JSS. This includes a Targeted Savings of \$125,928. See the FY 16 Holdbacks schedule in Section V of this document for a further description of these statewide savings targets.

Account	Appropriation \$	Reduction Amount \$	Net Remaining \$	% Reduction
Personal Services	61,648,494	(1,243,441)	60,405,053	2.02%
Other Expenses	8,395,265	(151,067)	8,244,198	1.80%