

Department of Revenue Services

DRS16000

Position Summary

Account	Actual FY 13	Governor Estimated FY 14	Original Appropriation FY 15	Governor Revised FY 15	Legislative FY 15	Difference Leg-Gov FY 15
Permanent Full-Time - GF	670	665	665	665	665	0

Budget Summary

Account	Actual FY 13	Governor Estimated FY 14	Original Appropriation FY 15	Governor Revised FY 15	Legislative FY 15	Difference Leg-Gov FY 15
Personal Services	53,590,380	57,919,094	60,513,194	60,238,194	59,823,459	(414,735)
Other Expenses	7,623,864	9,409,801	7,704,801	7,845,801	8,429,265	583,464
Equipment	0	1	1	1	1	0
Other Current Expenses						
Collection and Litigation Contingency Fund	(26,077)	94,294	94,294	94,294	94,294	0
Nonfunctional - Change to Accruals	0	323,813	326,251	313,025	308,861	(4,164)
Agency Total - General Fund	61,188,167	67,747,003	68,638,541	68,491,315	68,655,880	164,565
Additional Funds Available						
Carry Forward Funding	0	0	0	1,811,000	495,000	(1,316,000)
Agency Grand Total	61,188,167	67,747,003	68,638,541	70,302,315	69,150,880	(1,151,435)

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Current Services

Reduce Funding for PS to Reflect Increased Turnover

Personal Services	0	(275,000)	0	(275,000)	0	0
Total - General Fund	0	(275,000)	0	(275,000)	0	0

Background

A net adjustment made to the Personal Services account that reflects: (1) the natural reduction made to an agency's payroll due to the loss of employees through voluntary separation, retirements, deaths and transfers; and (2) payroll increases due to the introduction of new employees.

Governor

Reduce funding by \$275,000 to reflect increased turnover.

Legislative

Same as Governor

Adjust Funding for Revised Estimated GAAP Requirements

Nonfunctional - Change to Accruals	0	(13,226)	0	(13,226)	0	0
Total - General Fund	0	(13,226)	0	(13,226)	0	0

Background

Each agency's budget includes a line item account called "Nonfunctional - Change to Accruals." This line item represents the estimate of the difference between an agency's cash-basis budget amount and the accrual-basis amounts that will be reflected under Generally Accepted Accounting Principles (GAAP). These funds will not be available for spending; in the aggregate they will prevent the state's GAAP deficit from growing.

Governor

Reduce funding by \$13,226 to reflect updated estimates of accruals to comply with GAAP. Across all appropriated funds, there is a net GAAP reduction of \$33.8 million.

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Legislative
Same as Governor

Policy Revisions

Provide Funding for Enhanced Revenue Collection

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

Background

The Department of Revenue Services (DRS) implemented a Tax Amnesty Program covering all taxes from September 16, 2013 to November 15, 2013 which was projected to result in a one-time revenue gain of \$35 million in FY 14. Actual revenue collections under the program totaled approximately \$192.6 million.

Legislative

Provide funding of \$700,000 for an enhanced revenue collections initiative in FY 15. According to the Department of Revenue Services, the initiative includes: 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 payments, and 8) tax fraud reduction. The FY 15 Revised Budget includes a revenue gain of \$75 million from this initiative.

Provide Funding to Eliminate Debit Card Refunds

Other Expenses	0	141,000	0	141,000	0	0
Total - General Fund	0	141,000	0	141,000	0	0

Background

For the 2012 tax season, the Department of Revenue Services (DRS) no longer issued paper checks for income tax refunds under \$5,000. Instead, the State Treasurer and DRS contracted under competitive bid with Chase Bank to issue VISA refund debit cards to taxpayers. A total of 307,261 debit cards were issued to taxpayers totaling \$153,387,538.40 in refunds.

Governor

Provide funding of \$141,000 for printing (\$0.099 per check) and mailing (\$0.37 per check) costs associated with issuing paper refund checks rather than debit cards.

Legislative

Same as Governor

Distribute Lapses

Personal Services	0	0	0	(414,735)	0	(414,735)
Other Expenses	0	0	0	(116,536)	0	(116,536)
Total - General Fund	0	0	0	(531,271)	0	(531,271)

Background

The Governor's FY 15 Revised Budget included a bottom line General Lapse of \$14,243,700, a General Other Expenses Lapse of \$4,000,000, and a Statewide Hiring Reduction Lapse of \$6,796,754. These lapse amounts would have been determined and distributed to agencies by OPM at the beginning of FY 15.

Legislative

Reduce funding by \$283,581 to reflect distribution of the General Lapse, \$77,082 for the General Other Expense Lapse, and \$170,608 for the Statewide Hiring Reduction Lapse.

Adjust Funding for GAAP

Nonfunctional - Change to Accruals	0	0	0	(4,164)	0	(4,164)
Total - General Fund	0	0	0	(4,164)	0	(4,164)

Legislative

Adjust funding by \$4,164 in FY 15 to reflect changes to GAAP accruals as a result of a policy change.

Account	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$

Carry Forward

Carry Forward Funding for Tax Refund Administration

Tax Refund Administration	0	1,721,000	0	0	0	(1,721,000)
Total - Carry Forward Funding	0	1,721,000	0	0	0	(1,721,000)

Governor

Section 19 of HB 5030, the Governor's FY 15 Revised Budget, carries forward \$1.7 million from FY 14 into FY 15 for administration of sales and gas tax refunds, including printing and mailing costs, overtime, and computer programming changes. Of this total, \$721,000 is carried forward from the Department of Housing's Tax Relief for the Elderly, \$650,000 is carried forward from the Office of Policy and Management's Personal Services account, and \$350,000 is carried forward from the Department of Revenue Services' Personal Services account and transferred to the Tax Refund Administration account.

Legislative

Do not provide carry forward funding for the administration of a sales and gas tax refund program.

Carry Forward Funding for Scanning of Taxpayer Materials

Other Expenses	0	0	0	415,000	0	415,000
Total - Carry Forward Funding	0	0	0	415,000	0	415,000

Legislative

Pursuant to CGS 4-89(c) funding of \$415,000 is carried forward from FY 14 into FY 15 for the scanning of taxpayer materials to assist the agency in becoming paperless.

Carry Forward Funding for CHET Baby Scholars Program

Other Expenses	0	90,000	0	80,000	0	(10,000)
Total - Carry Forward Funding	0	90,000	0	80,000	0	(10,000)

Governor

Section 17 of HB 5030, the Governor's FY 15 Revised Budget, carries forward \$90,000 from FY 14 into FY 15 for modifications to the tax systems and forms related to changes to the CT Higher Education Trust (CHET) plans and implementation of the CHET Baby Scholars program. This funding is carried forward from the Department of Revenue Services' Personal Services account and is transferred to Other Expenses.

Legislative

Section 15 of PA 14-47, the FY 15 Revised Budget, carries forward \$80,000 from FY 14 into FY 15 for modifications to the tax systems and forms related to changes to the CT Higher Education Trust (CHET) plans and implementation of the CHET Baby Scholars program included in Sections 27 through 43 of PA 14-217, the budget implementer. This funding is carried forward from the Department of Revenue Services' Personal Services account and is transferred to Other Expenses.

Totals

Budget Components	Governor Revised FY 15		Legislative FY 15		Difference from Governor	
	Pos.	\$	Pos.	\$	Pos.	\$
Original Appropriation - GF	665	68,638,541	665	68,638,541	0	0
Current Services	0	(288,226)	0	(288,226)	0	0
Policy Revisions	0	141,000	0	305,565	0	164,565
Total Recommended - GF	665	68,491,315	665	68,655,880	0	164,565

Other Significant Legislation

PA 14-51, An Act Concerning Heating Fuel Delivery Fees, Charges and Surcharges and Prepaid Guaranteed Heating Fuel Price Plans

Section 8 requires the Department of Revenue Services' (DRS) commissioner to notify the Department of Consumer Protection, by June 15 annually, of any outstanding tax delinquencies a heating fuel dealer owes to the state.

PA 14-98, An Act Authorizing and Adjusting Bonds of the State for Capital Improvements, Transportation and Other Purposes, and Concerning Miscellaneous Programs, Including the Smart Start Program, the Water Improvement System Program, School Security Grants, the Regenerative Medicine Research Fund, the Connecticut Manufacturing Innovation Fund and the Board of Regents for Higher Education Infrastructure Act

Section 44 increases, from \$650 million to \$800 million, the total amount of business tax credits available under the Urban and Industrial Site Reinvestment Program.

PA 14-155, An Act Concerning the Department of Revenue Services' Statutes and Procedures, Including Background Checks for Employees, the Master Settlement Agreement, the Motor Vehicle Fuels Tax, the Estate Tax, Additions and Changes to Various Public Lists Maintained by the Department, the Payment Schedule for the Sales and Use Tax, a Data Match System with Financial Institutions, the Personal Income Tax and Technical Corrections

The act makes a number of administrative and procedural changes to the DRS' processes including: (1) clarifying background check requirements for prospective employees; (2) altering the calculation method for the Motor Vehicle Fuels Tax on gaseous fuels; (3) modifying the starting point for calculating the estate tax; (4) requiring the DRS commissioner to state on the publicly available delinquent taxpayers list why a name is being removed from the list; (5) allowing the exchange of information about delinquent taxpayers with financial institutions; (6) modifying the apportionment calculation for certain business income; (7) expanding the income to which the Personal Income Tax applies; (8) changing the due date for certain Sales Tax filings; and (9) making changes in the state's tobacco settlement law to implement the 2013 Nonparticipating Manufacturer Adjustment Settlement Agreement.

PA 14-227, An Act Concerning Certain Recommendations of the Auditors of Public Accounts, an Expansion of the Neighborhood Assistance Act, Certification of Minority Business Enterprises and an Allocation to the Legacy Foundation of Hartford

Section 1 authorizes the DRS commissioner to disclose tax returns and return information to the state auditors, upon written request for the information, for purposes of reviewing whistleblower complaints.

Section 4 makes businesses investing in certain comprehensive college access loan forgiveness programs eligible for a Neighborhood Assistance Act tax credit of 100% of the invested amount.

PA 14-47, An Act Making Adjustments to State Expenditures and Revenues for the Fiscal Year Ending June 30, 2015

Sections 30 and 31 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 15 appropriation levels will be reduced by the amounts shown in the table to achieve the lapses included in PA 14-47. This includes a General Lapse of \$244,994 and a Statewide Hiring Reduction Lapse of \$291,300. See the FY 15 Holdbacks schedule in Section VI of this document for a further description of these statewide savings targets.

Account	Appropriation \$	Reduction Amount \$	Net Remaining \$	% Reduction
Personal Services	59,823,459	(505,907)	59,317,552	0.85%
Other Expenses	8,429,265	(30,387)	8,398,878	0.36%