

Representative Jerome Zeringue  
Chairman



Representative Francis Thompson  
Vice Chairman

# Fiscal Year 2024 Executive Budget Review

## Department of Revenue

House Committee on Appropriations  
House Fiscal Division

*April 11, 2023*

Budget Analyst: Abigail Chascin

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900 N. 3<sup>rd</sup> Street  
Baton Rouge, LA 70802  
[house.louisiana.gov/housefiscal/](https://house.louisiana.gov/housefiscal/)

All data and figures were obtained from the governor's Fiscal Year 2023-2024 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2023 Regular Session, unless otherwise noted.

<https://www.doa.la.gov/doa/opb/budget-documents/>

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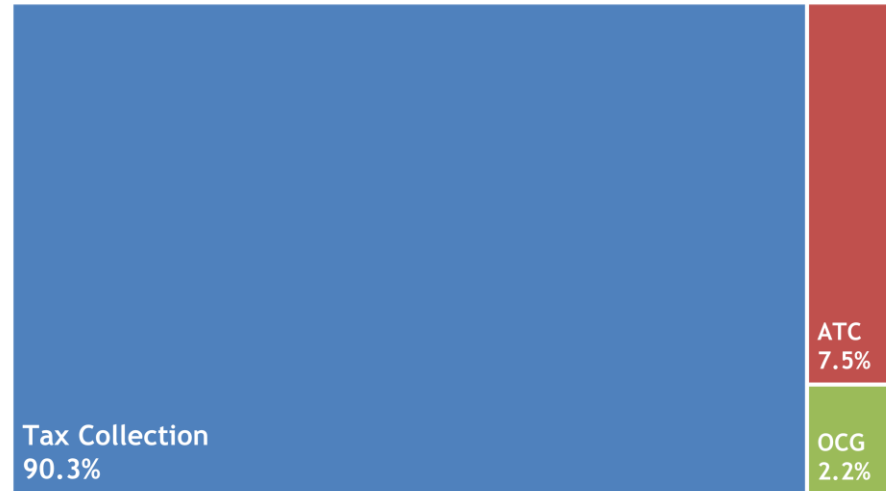
# FY 24 BUDGET RECOMMENDATION

## Total Funding = \$118,358,376

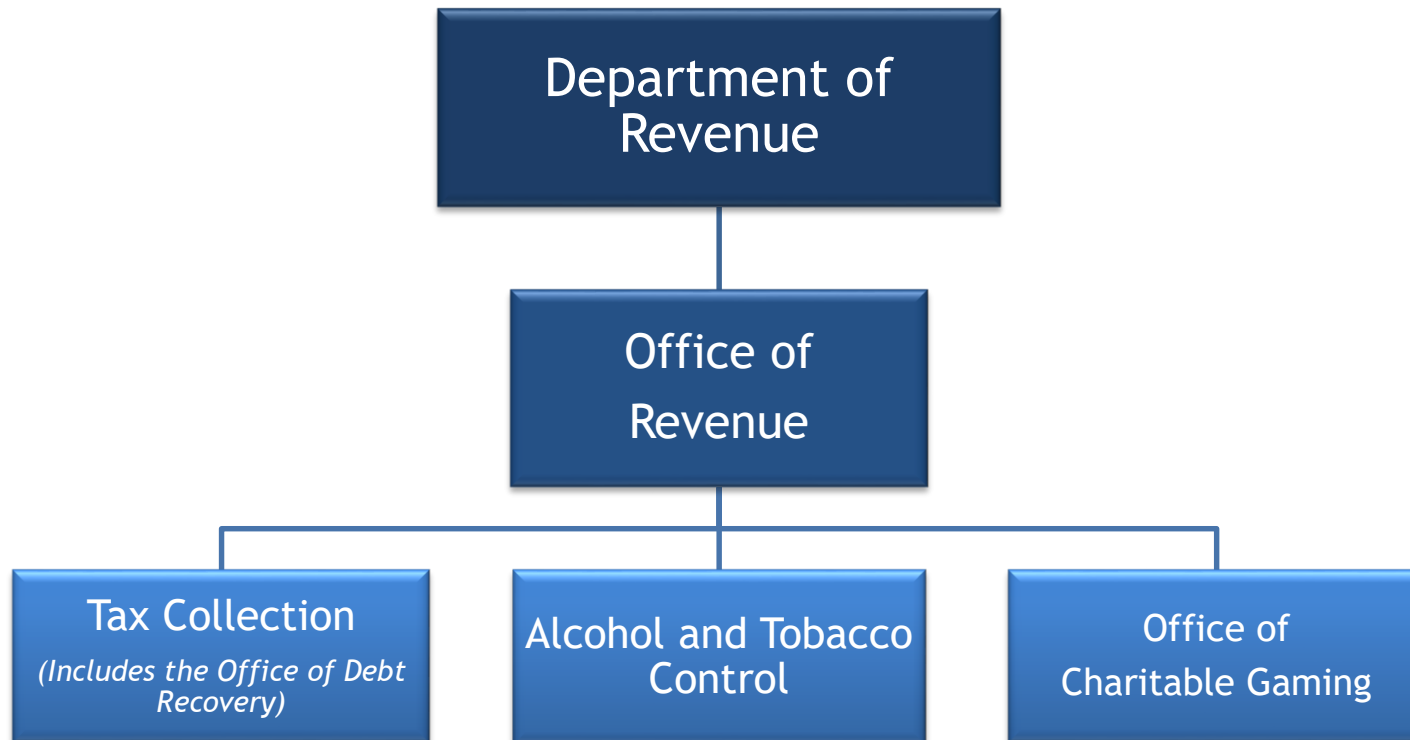
Means of Finance		
State General Fund	\$	0
Interagency Transfers		515,000
Fees & Self-generated		117,285,462
Statutory Dedications		557,914
Federal Funds		0
<b>Total</b>	<b>\$</b>	<b>118,358,376</b>



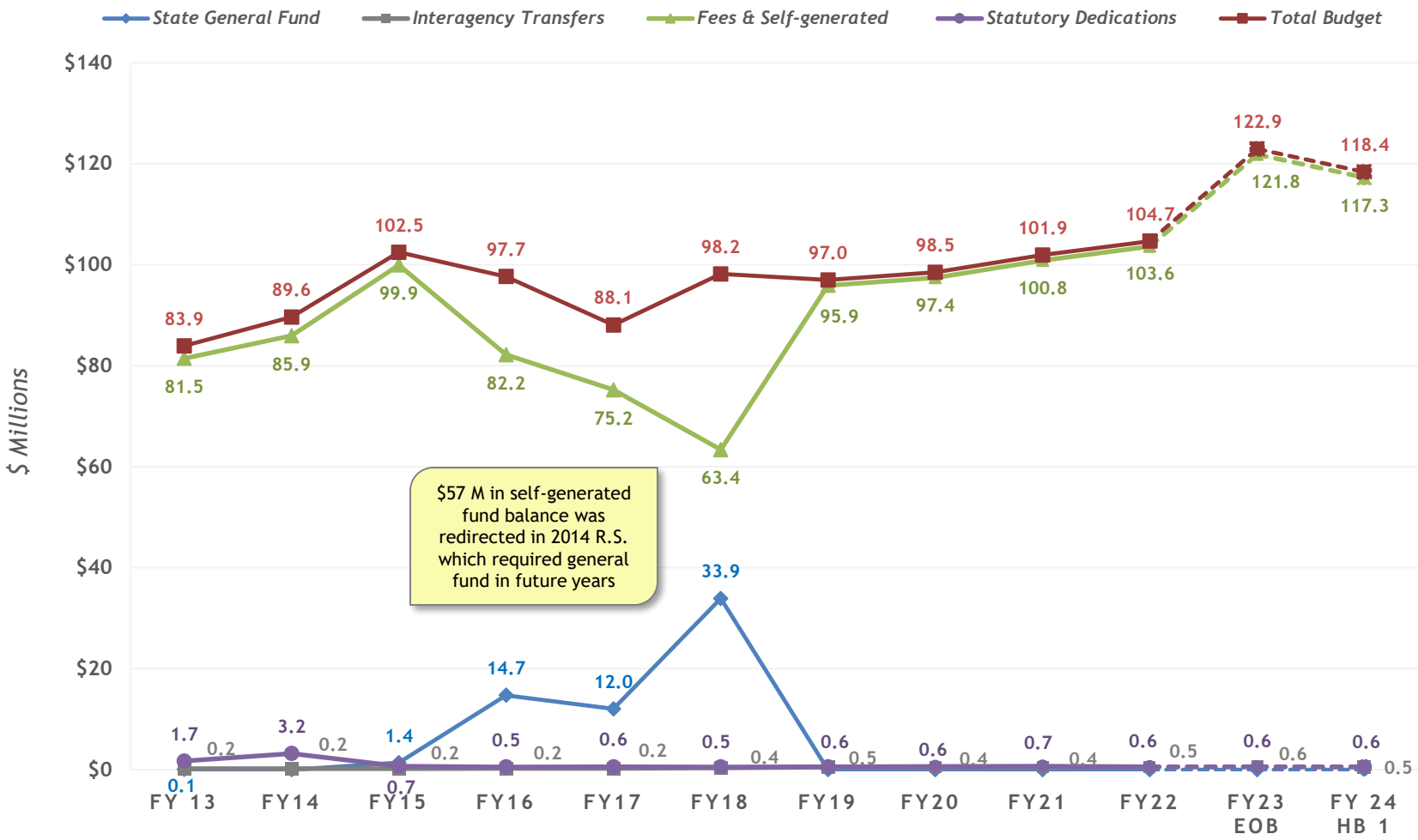
Program Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Tax Collection	\$	106,855,567	636
Alcohol & Tobacco Control		8,915,488	68
Charitable Gaming		2,587,321	20
<b>Total</b>	<b>\$</b>	<b>118,358,376</b>	<b>724</b>



# DEPARTMENT ORGANIZATION



# HISTORICAL SPENDING

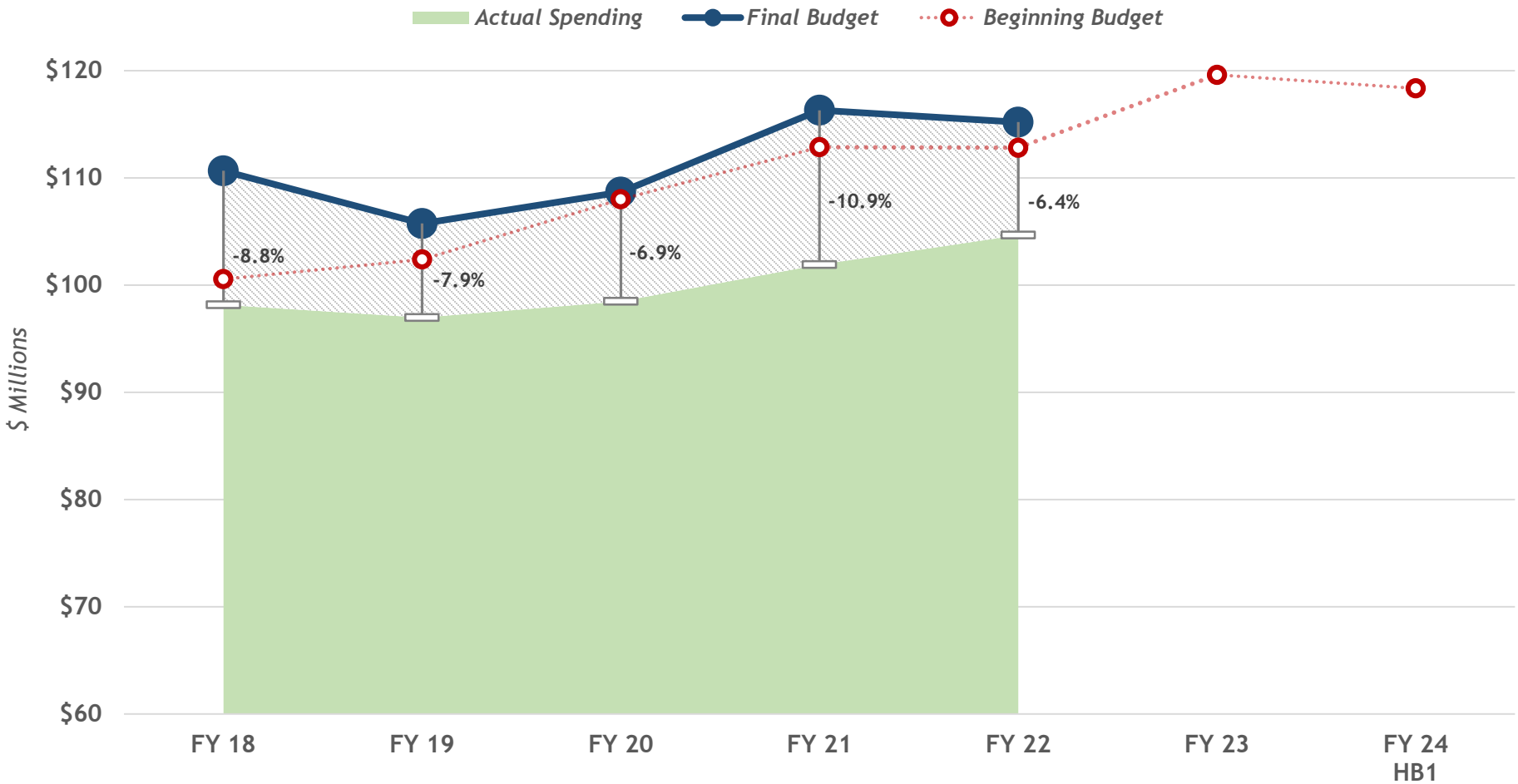


## 10 Year Spending Change

Total 2.5%  
FSGR 2.7%

SD (11.6%)  
IAT 11.1%

# HISTORICAL BUDGET



# PRIOR YEAR ACTUALS FY 22

Means of Finance	Final Budget <i>(w/o FY23 carryfwd)</i>	Amount Spent	Unspent Authority	Unspent Authority %	Unspent % by MOF
General Fund	\$ 0	\$ 0	\$ 0	0.0%	0.0%
Interagency Transfers	1,052,030	514,969	537,061	51.0%	7.5%
Self-generated	110,158,116	103,597,772	6,560,344	6.0%	91.1%
Statutory Dedications	657,914	557,914	100,000	15.2%	1.4%
Federal	0	0	0	0.0%	0.0%
<b>FY22 Total</b>	<b>\$ 111,868,060</b>	<b>\$ 104,670,655</b>	<b>\$ 7,197,405</b>	<b>6.4%</b>	<b>100.0%</b>

<i>Historical Total Unspent Budget Authority</i>	Final Budget	Amount Spent	Unspent Authority	Unspent %	
	FY21 Total	\$ 114,403,946	\$ 101,916,566	\$ 12,487,380	10.9%
	FY20 Total	105,787,379	98,482,312	7,305,067	6.9%
	FY19 Total	105,279,252	96,975,938	8,303,314	7.9%
	<b>3 Year Avg.</b>	<b>\$ 108,490,192</b>	<b>\$ 99,124,939</b>	<b>\$ 9,365,254</b>	<b>8.6%</b>

# PRIOR YEAR ACTUALS FY 22

## Were projected revenues collected?

	Final Budget <i>(w/o FY23 carryfwd)</i>	Revenue Collections	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	1,052,030	514,969	(537,061)
FSGR	110,158,116	124,323,015	14,164,899
SD	657,914	657,914	0
FED	0	0	0
<b>Total</b>	<b>\$ 111,868,060</b>	<b>\$ 125,495,898</b>	<b>\$ 13,627,838</b>

The department collected \$13.6 M more than the FY 22 final budget. The majority of excess collections over budget authority came from \$14.2 M in fees and self-generated revenue. The Tax Collection Program is responsible for the bulk of the over collections, they collected \$11.3 M more than the budgeted authority in FY 22.

## Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	514,969	514,969	0
FSGR	124,323,015	103,597,772	(20,725,243)
SD	657,914	557,914	(100,000)
FED	0	0	0
<b>Total</b>	<b>\$ 125,495,898</b>	<b>\$ 104,670,655</b>	<b>\$ (20,825,243)</b>

The department spent 83% of its collections, leaving \$20.8 M on the table in FY 22. The majority of the remaining funds are found in fees and self-generated revenue and the rest of which are from dedicated funds.

The unspent authority within statutory dedications is reflective of the reclassification of the LA Entertainment Development Dedicated Fund Account as a self-generated revenue.

The department was authorized by the General Appropriations Bill (HB 1) to retain excess self-generated revenue for expenses in the ensuing fiscal year.



# EXISTING OPERATING BUDGET FY 23

The FY 2022-23 Existing Operating Budget (EOB) was frozen on December 1, 2022. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
General Fund	\$ 0	\$ 0	\$ 0
Interagency Transfers	552,030	0	552,030
Self-generated Revenue	118,496,862	3,337,134	121,833,996
Statutory Dedications	557,914	0	557,914
Federal	0	0	0
<b>Total</b>	<b>\$ 119,606,806</b>	<b>\$ 3,337,134</b>	<b>\$ 122,943,940</b>

## Budget Adjustments From Appropriation to EOB

July	August	September	October	November
	\$3.3 M Fees and self-generated revenue carried over from FY 22 for interagency transfers, acquisitions, professional services, and operating services	No change	No change	No change

# SOURCES OF FUNDING

## Interagency Transfers

**\$515,000**

- \$350,000 - Transfer from the Louisiana Department of Health to ATC to perform random, unannounced inspections at locations where tobacco products are sold
- \$165,000 - Transfer from the Department of Public Safety to ATC to enforce laws, relating to the sale of alcohol to underage consumers

## Self-generated Revenue

**\$117.3 M**

- 1% of collected personal income tax, corporate income and franchise tax, and sales tax collected by the tax collection program
- Prior year collections of fees, fines, and penalties made before the FY 23 close out period remain available for expenditure
- Various ATC and OCG licenses, permits, and fines
- **\$100,000 - La. Entertainment Development Fund Account**  
The department receives 25% of the fee charged for motion picture tax credit transfers

## Statutory Dedications

**\$557,914**

- **\$557,914 - Tobacco Regulation Enforcement Fund**  
Receives a small portion of the state tax on cigarettes. (One-quarter of one-twentieth of one cent per cigarette)

# ACT 348

Act 348 of the 2020 Regular Session changed what self-generated revenue would be utilized by the Tax Collection Program in LDR.

The new funding system took effect on July 1, 2022.

House Bill 1 states, “prior year Self-generated Revenues derived from the Tax Collection Program in the amount of \$50,000,000 shall be carried forward and shall be available for expenditure.”

## Old System Based on penalties and fees

Source	FY 22 Actuals
Delinquent Fees	\$29,140,081
Late Payment Fees & Late Pay Proposed	\$21,980,795
Negligence Fees	\$7,600,094
Understatement Penalty	\$2,339,893
Non E-Payment	\$390,884
Willful Disregard	\$184,850
No Account Number	\$53,242
<b>Total</b>	<b>\$61,689,839</b>

**Will now go to  
General Fund**

## Unchanged Continue to be retained

Source	FY 22 Actuals
Underest. Tax	\$10,102,182
Collection Fees	\$12,087,041
Debt Recovery	\$10,840,072
Transfer. Credits	\$1,100,400
Warrant	\$1,948,356
<b>Total</b>	<b>\$36,078,051</b>

## New System 1% of specific tax collections

Revenue Source	FY 24 REC Forecast
Sales Tax (Gen + MV)	\$4,717,400,000
<i>1% Dedication</i>	<i>\$47,174,000</i>
Individual Income	\$4,486,100,000
<i>1% Dedication</i>	<i>\$44,861,000</i>
Corp. Inc. & Franchise	\$569,600,000
<i>1% Dedication</i>	<i>\$5,696,000</i>
<b>Total 1% Dedication</b>	<b>\$97,731,000</b>

**Dedicated from  
General Fund to  
LDR Self-generated**

# FUNDING COMPARISON

Means of Finance	FY22 Actual Expenditures	FY23 Existing Operating Budget 12/1/22	FY24 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
SGF	\$ 0	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	0.0%
IAT	514,969	552,030	515,000	(37,030)	(6.7%)	31	0.0%
FSGR	103,597,772	121,833,996	117,285,462	(4,548,534)	(3.7%)	13,687,690	13.2%
Stat Ded	557,914	557,914	557,914	0	0.0%	0	0.0%
Federal	0	0	0	0	0.0%	0	0.0%
<b>Total</b>	<b>\$ 104,670,655</b>	<b>\$ 122,943,940</b>	<b>\$ 118,358,376</b>	<b>\$ (4,585,564)</b>	<b>(3.7%)</b>	<b>\$ 13,687,721</b>	<b>13.1%</b>

## Significant funding changes compared to the FY 23 Existing Operating Budget

### Interagency Transfers

(\$37,030) in reductions due to ended term agreements with the Governor's Office and Louisiana Workforce Commission for various security needs provided by ATC

### Fees & Self-generated

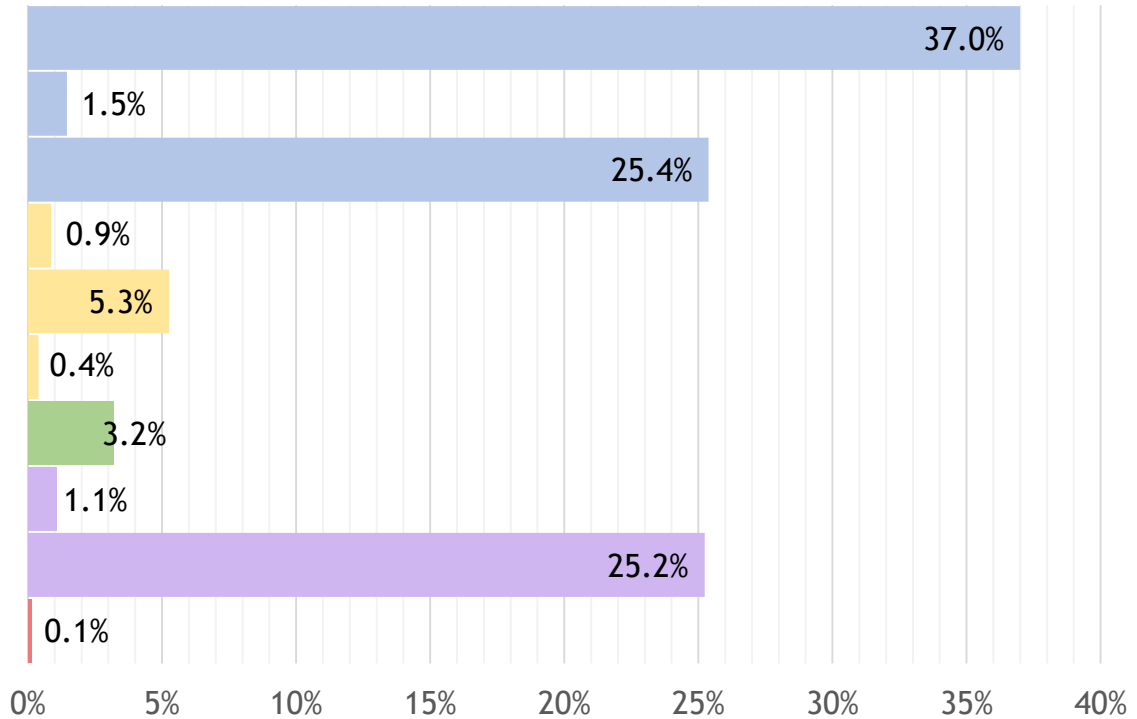
(\$4.5 M) net decrease due to items such as:

- (\$8.8 M) decrease due to standard statewide adjustments
- \$4.3 M increase in authority for various updates, software, placements, and acquisitions

# EXPENDITURE RECOMMENDATION FY 24

**Total Budget = \$118,358,376**

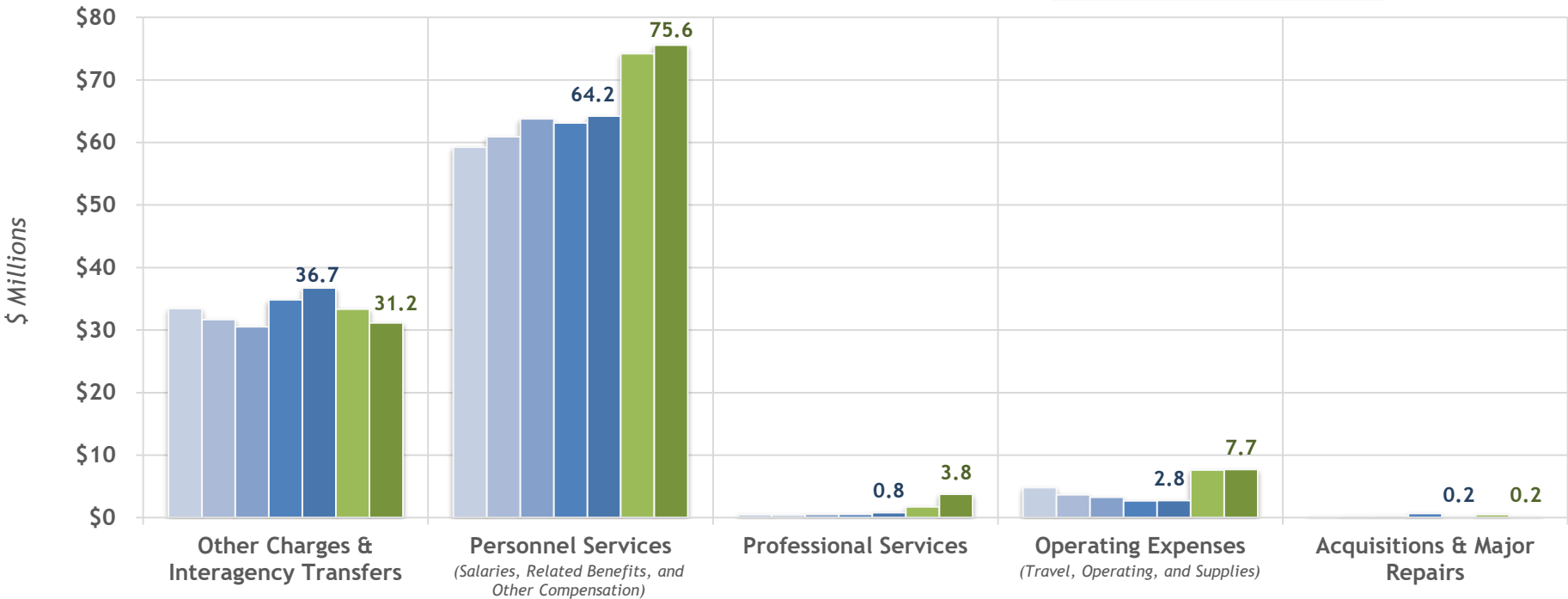
Expenditure Category	
Salaries	\$ 43,799,692
Other Compensation	1,718,388
Related Benefits	30,035,812
Travel	1,027,318
Operating Services	6,225,544
Supplies	467,211
Professional Services	3,774,397
Other Charges	1,281,183
Interagency Transfers	29,869,858
Acquisitions/Repairs	158,973
<b>Total</b>	<b>\$ 118,358,376</b>



# EXPENDITURE HISTORY

Fiscal Year: Actual Expenditures Budgeted Amount

2018 2019 2020 2021 2022 2023 EOB 2024 HB1



## 5 Year Average Spending per Expenditure Category

\$33.5 M : 33.4%	\$62.3 M : 62.2%	\$562,312 : <1%	\$3.4 M : 3.4%	\$338,634 : <1%
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# EXPENDITURE COMPARISON

Expenditure Category	FY22 Actual Expenditures	FY23 Existing Operating Budget 12/1/22	FY24 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 37,259,610	\$ 43,323,658	\$ 43,799,692	\$ 476,034	1.1%	\$ 6,540,082	17.6%
Other Compensation	1,184,432	1,718,388	1,718,388	0	0.0%	533,956	45.1%
Related Benefits	25,760,059	29,677,989	30,035,812	357,823	1.2%	4,275,753	16.6%
Travel	277,225	1,037,068	1,027,318	(9,750)	(0.9%)	750,093	270.6%
Operating Services	2,237,066	6,218,928	6,225,544	6,616	0.1%	3,988,478	178.3%
Supplies	243,240	467,211	467,211	0	0.0%	223,971	92.1%
Professional Services	785,808	1,854,899	3,774,397	1,919,498	103.5%	2,988,589	380.3%
Other Charges	604,120	1,281,183	1,281,183	0	0.0%	677,063	112.1%
Interagency Transfers	36,125,854	35,641,292	29,869,858	(5,771,434)	(16.2%)	(6,255,996)	(17.3%)
Acquisitions/Repairs	193,242	1,723,324	158,973	(1,564,351)	(90.8%)	(34,269)	(17.7%)
<b>Total</b>	<b>\$ 104,670,656</b>	<b>\$ 122,943,940</b>	<b>\$ 118,358,376</b>	<b>\$ (4,585,564)</b>	<b>(3.7%)</b>	<b>\$ 13,687,720</b>	<b>13.1%</b>

# SIGNIFICANT EXPENDITURE CHANGES FY 24

*Compared to the FY 23 Existing Operating Budget*

Professional Services	Interagency Transfers	Acquisitions
<p><b>\$1.9 M net increase caused by:</b></p> <ul style="list-style-type: none"><li>• \$2 M increase for a contract to provide call services</li><li>• \$45,978 increase to utilize a vendor to produce tobacco stamps</li><li>• <b>(\$108,950)</b> to remove funds carried into FY 23 from the prior year for legal consultation and representation within the Office of Debt Recovery</li></ul>	<p><b>(\$5.8 M) net reduction primarily driven by:</b></p> <ul style="list-style-type: none"><li>• <b>(\$5.3 M)</b> decrease due to statewide adjustments for the Office of Technology Services</li><li>• <b>(\$2.9 M)</b> decrease due to the removal of funding carried from FY 22 to FY 23 for OTS payments for contracts to aid in timely tax processing</li><li>• \$2.2 M increase for server maintenance, software updates and purchases, and system enhancements</li></ul>	<p><b>(\$1.6 M) net reduction due to:</b></p> <ul style="list-style-type: none"><li>• <b>(\$1.4 M)</b> decrease due to acquisitions purchased in the current year</li><li>• \$158,973 increase for the purchase of a new vehicle, additional investigative and enforcement equipment, and headsets and batteries for Office of Debt Recovery Call Center</li><li>• <b>(\$330,661)</b> decrease due to the removal of funding carried from FY 22 to FY 23 that is no longer needed</li></ul>



# OTHER CHARGES/INTERAGENCY TRANSFERS

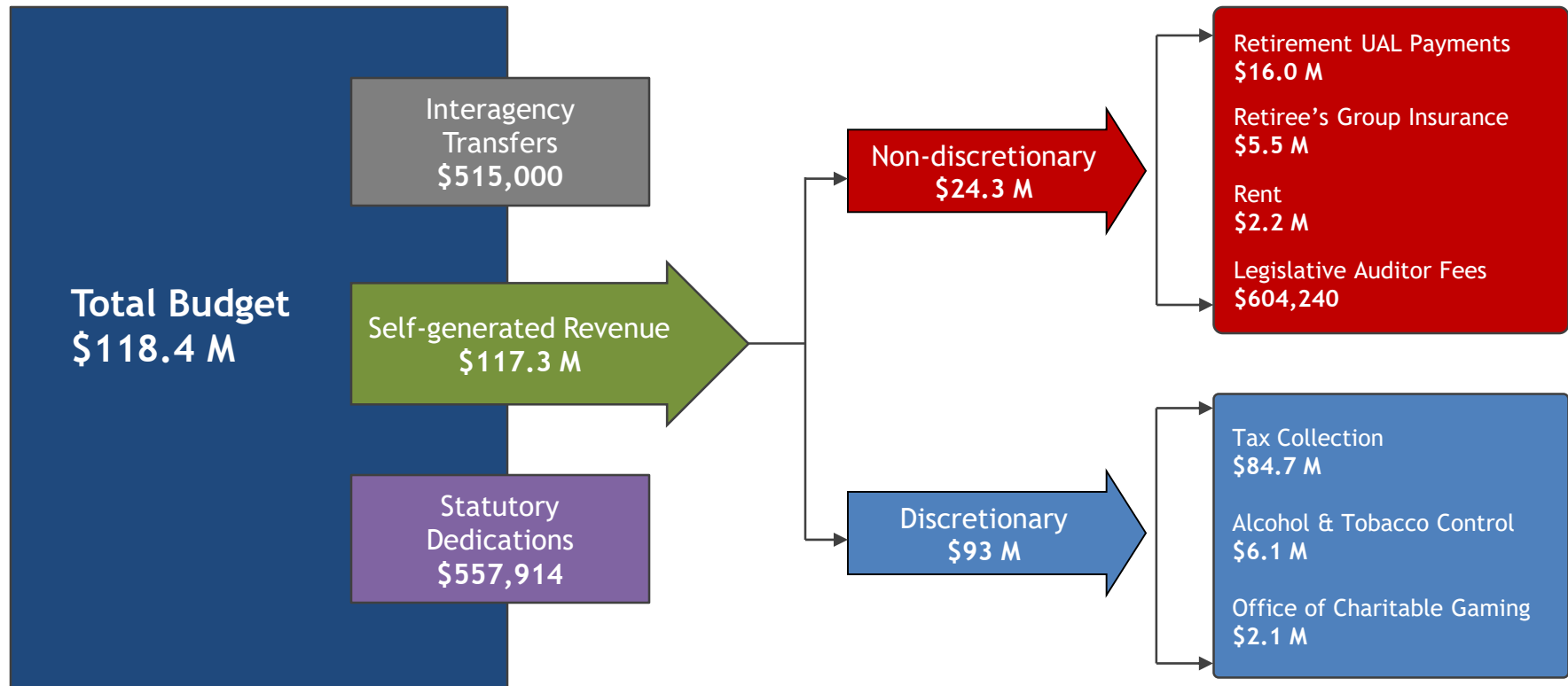
## Other Charges

Amount	Description
\$ 718,043	Call Center Positions
563,140	ATC Investigative Funds for Compliance Checks
<b>\$ 1,281,183</b>	<b>Total Other Charges</b>

## Interagency Transfers

Amount	Description
\$ 17,054,648	OTS - Technology
3,625,852	Mailing Services
2,346,647	Rent
2,010,702	Printing
1,000,000	OTS - Telecommunications
999,931	Statewide Services ( <i>Civil Service, Treasury Banking, Procurement, Payroll Services</i> )
768,328	Other State Department Transfers ( <i>DoJ, DNR, Board of Tax Appeals</i> )
604,240	Legislative Auditor Fees
569,259	Capital Park Security and LaSalle Bldg. Security
517,819	Risk Management
372,432	State Buildings and Grounds
<b>\$29,869,858</b>	<b>Total Interagency Transfers</b>

# DISCRETIONARY EXPENSES FY 24



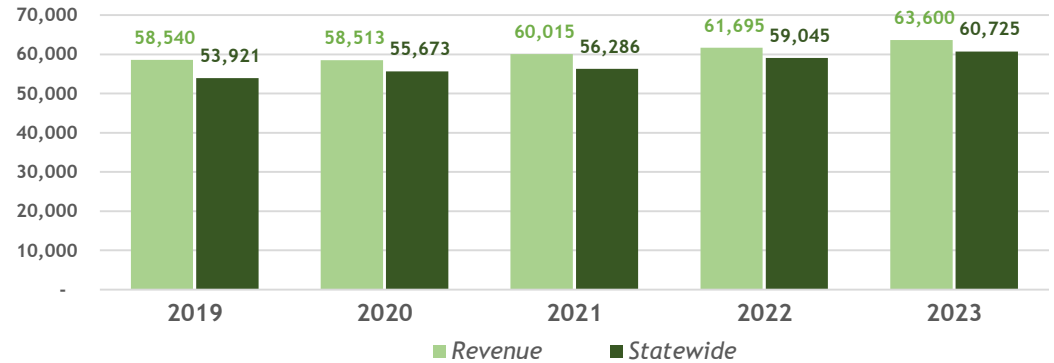
*\*Figures may not add precisely due to rounding\**

# PERSONNEL INFORMATION

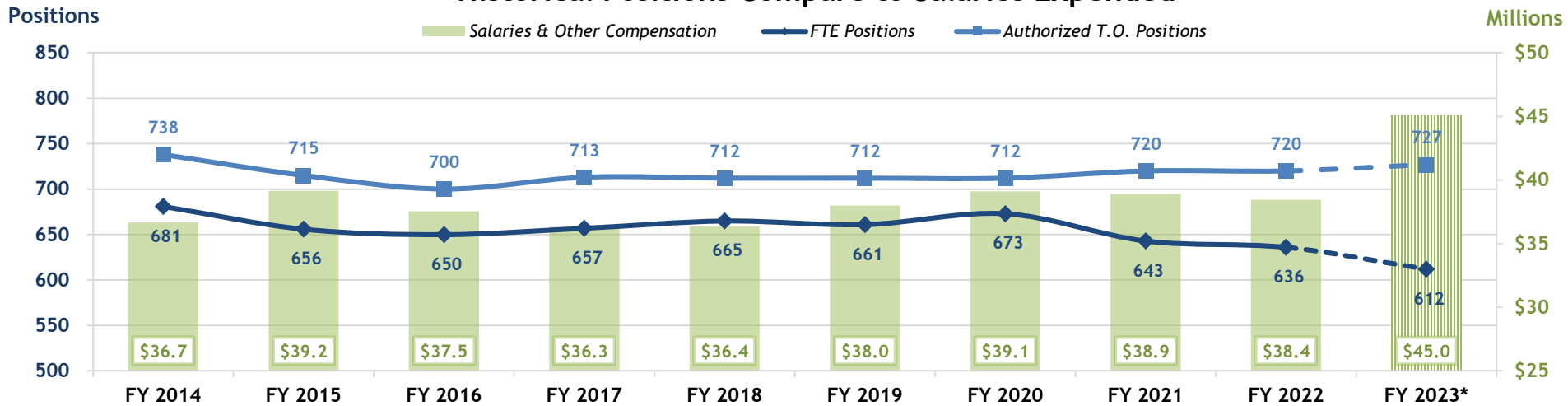
## FY 2024 Recommended Positions

724	Total Authorized T.O. Positions (713 Classified, 11 Unclassified)
15	Authorized Other Charges Positions
6	Non-T.O. FTE Positions
121	Vacant Positions (January 30, 2023)
(3)	Classified T.O. Positions Removed

## Historical Average Salary



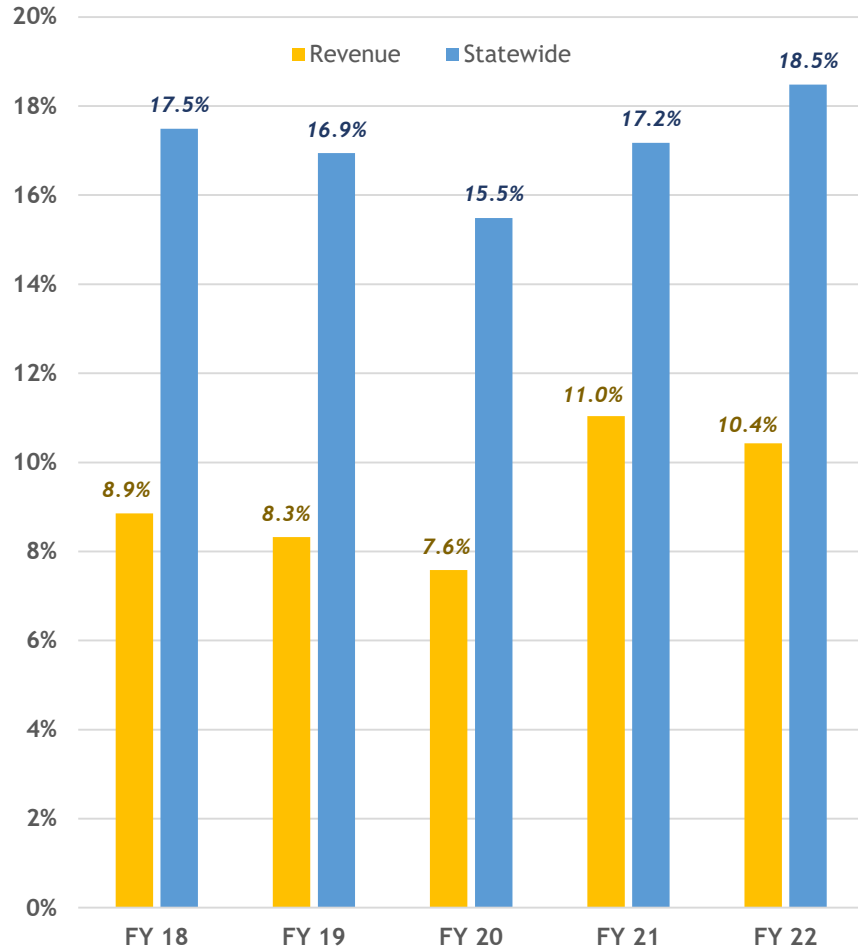
## Historical Positions Compare to Salaries Expended



<sup>1</sup> FTE Source: Dept. of Civil Service Weekly Report on State Employment

\* Existing Operating Budget on 12/1/22

# TURNOVER HISTORY



## Top Positions Vacated FY 2022

Position	Number of Employees	Separations	Turnover Rate
Revenue Tax Auditor 3	65	9	13.8%
Revenue Tax Analyst 2	46	5	10.9%
Revenue Tax Officer 2	50	4	8.0%
Revenue Tax Analyst 1	11	4	36.4%
Revenue Tax Specialist 1	12	3	25.0%

# DEPARTMENT CONTACTS



**Kevin Richard**  
*Secretary*

Kevin.Richard@la.gov

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**Luke Morris**  
*Deputy Secretary*

Luke.Morris@la.gov

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**Laura Lapeze**  
*Undersecretary*

Laura.Lapeze@la.gov

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**Ernest Legier**  
*Commissioner of ATC*

Ernest.Legier@atc.la.gov

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**Heather Templet**  
*Director, Charitable Gaming*

Heather.Templet@la.gov

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# DEPARTMENT OVERVIEW



*The mission of the Department of Revenue is to fairly and efficiently collect state tax revenues 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.*

## Tax Collection Program

### Administration

Executive arm of the department including management functions such as: accounting and budgeting, payroll, facilities management, purchasing, human resources, and technology management.

### Tax Policy Management

Prepares fiscal notes, legislation, coordinates rules, and engages in a number of stakeholder efforts to address emerging and/or sensitive policy issues.

### Revenue Collection & Distribution

Registers taxpayers, processes tax returns and remittances, maintains taxpayer accounts, and handles state and local tax revenues.

### Taxpayer Assistance

Helps taxpayers understand their tax reporting and payment obligations via telephone, personal contact, and written inquiries; engages in outreach opportunities, consultation visits, and processing of tax exemptions, certifications, permits, and clearances.

### Tax Compliance

Examines, audits, or investigates tax related issues. Conducts tax return examinations and reconciles information to identify non-filers and under reporters. Field office staff conduct audits of businesses that have activity in Louisiana to identify and correct improper reporting.

### Tax Enforcement

Collects tax dollars owed on delinquent accounts, investigates tax fraud and evasion, and defends the state's interest through litigation of tax issues.

# DEPARTMENT OVERVIEW



*The mission of the Office of Alcohol and Tobacco Control (ATC) is to regulate the alcoholic beverage and tobacco industries and to consistently enforce state regulations under Title 26.*

## Alcohol and Tobacco Control (ATC) Program

### Administration and Certification Division

Responsible for distributing alcoholic beverage licenses, tobacco licenses, CBD retail permits, and vendor providers, trainers, and servers. The Administrative Division issues approximately 30,000 alcohol and tobacco permits statewide annually, as well as over 100,000 responsible vendor permits annually.

### Enforcement Division

Responsible for enforcing Title 26, the Beer and Liquor Law, and the Louisiana Administrative Code by conducting random inspections at locations where alcoholic beverages and tobacco products are sold. Agents also investigate current license holders' operations to ensure compliance with industry fair trade laws. Conducts over 20,000 inspections annually and responds to compliance checks annually.

# DEPARTMENT OVERVIEW



*The mission of the Charitable Gaming Program is to administer efficiently and effectively the state's tax and regulatory statutes in a manner that will generate the highest degree of public confidence in the Department's integrity and fairness.*

## Office of Charitable Gaming

### Administrative Section

Administers and enforces the laws and regulations associated with the activities of charitable gaming.

### Certification Section

Reviews applications for licenses to conduct charitable gaming activities and performs the issuance of licenses.

### Audit and Enforcement Section

Conducts on-site inspection of gaming activities, training of organizations, review of required books and records maintained by organizations, and enforcement of gaming laws and regulations.



# OFFICE OF DEBT RECOVERY

Established in Act 399 of the 2013 Regular Session, for the purpose of collecting delinquent debts, accounts, or claims due on behalf of all other state agencies.

A total of 128 state and local agencies have placed debt with ODR.

## ODR Operations:

There is no cost to the agency for participating with ODR. Once a debt is transferred to ODR, a 25% ODR collection fee is added to the debt. ODR operates entirely on this fee.

Agencies receive funds as they are collected up to 100% of the original amount.

Entity Type with Debt at ODR	Number of Debt Accounts	Total Dollar Amount of Debt <i>as of March 31, 2023</i>
State Agencies	876,877	\$539,282,188
Higher Education	4,991	\$5,682,511
Municipalities	67,467	\$53,280,390
<b>ODR Total</b>	<b>949,335</b>	<b>\$598,245,089</b>

Fiscal Year	Total Debt Collected
FY 2015	\$96,474
FY 2016	\$50,781,585
FY 2017	\$41,427,463
FY 2018	\$31,948,792
FY 2019	\$60,750,004
FY 2020	\$58,555,958
FY 2021	\$40,891,342
FY 2022	\$53,587,741
<b>Total Collected</b>	<b>\$338,039,359</b>