

Representative Jack McFarland
Chairman



Representative Jason Hughes
Vice Chairman

Fiscal Year 2025 Executive Budget Review

DEPARTMENT OF REVENUE

House Committee on Appropriations
House Fiscal Division

March 11, 2024

Budget Analyst: Abigail Chascin

TABLE OF CONTENTS

This presentation was produced by the House Fiscal Division of the Louisiana House of Representatives.

900 N. 3rd Street
Baton Rouge, LA 70802
house.louisiana.gov/housefiscal/

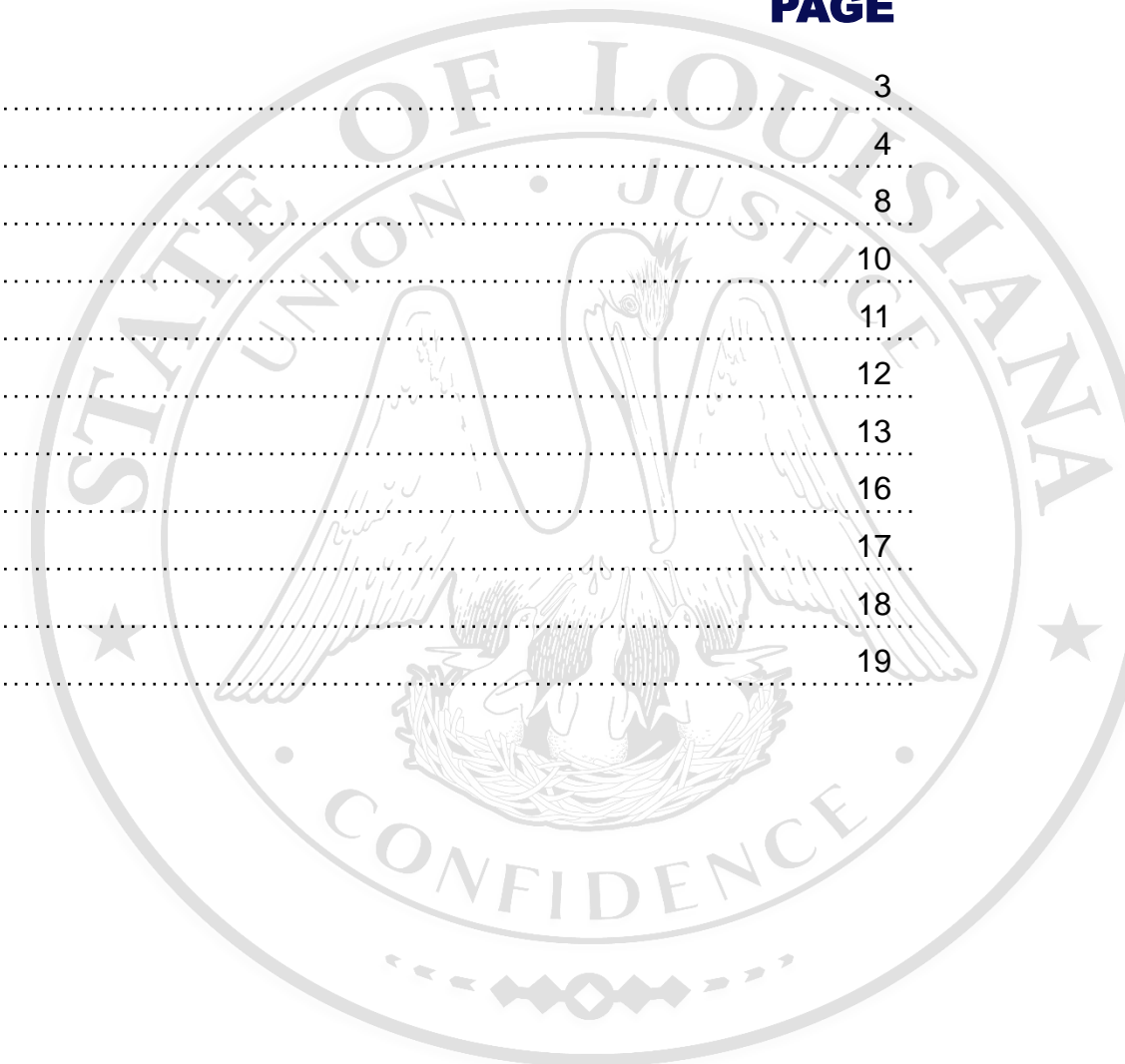
All data and figures were obtained from the governor's Fiscal Year 2024-2025 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2024 Regular Session, unless otherwise noted.

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

TOPIC

PAGE

Budget Recommendation FY 25	3
Department Organization	4
Historical Spending & Budget	8
Sources of Funding	10
Funding Comparison	11
Expenditure Recommendation	12
Expenditure Comparison	13
Personnel Information	16
Turnover History	17
Department Contacts	18
General Department Information	19



FY 25 BUDGET RECOMMENDATION

Total Funding = \$119,710,061

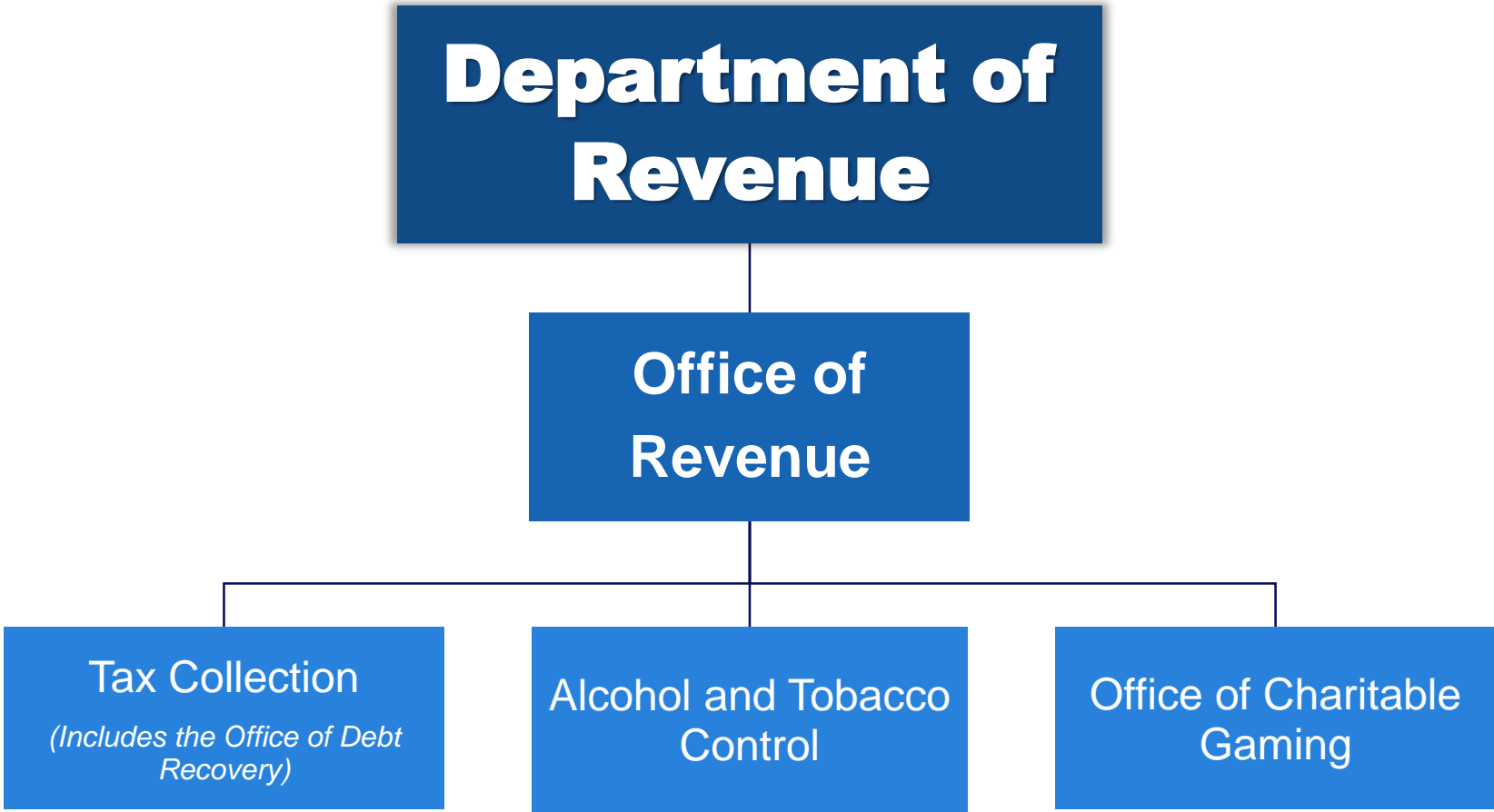
Means of Finance		
State General Fund	\$	0
Interagency Transfers		515,000
Fees & Self-generated		118,637,147
Statutory Dedications		557,914
Federal Funds		0
Total	\$	119,710,061



Program Funding & Authorized Positions			
		<i>Amount</i>	<i>Positions</i>
Tax Collection	\$	107,621,947	636
Alcohol & Tobacco Control		9,341,274	68
Charitable Gaming		2,746,840	20
Total	\$	119,710,061	724



DEPARTMENT ORGANIZATION



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.



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.

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.



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.

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.



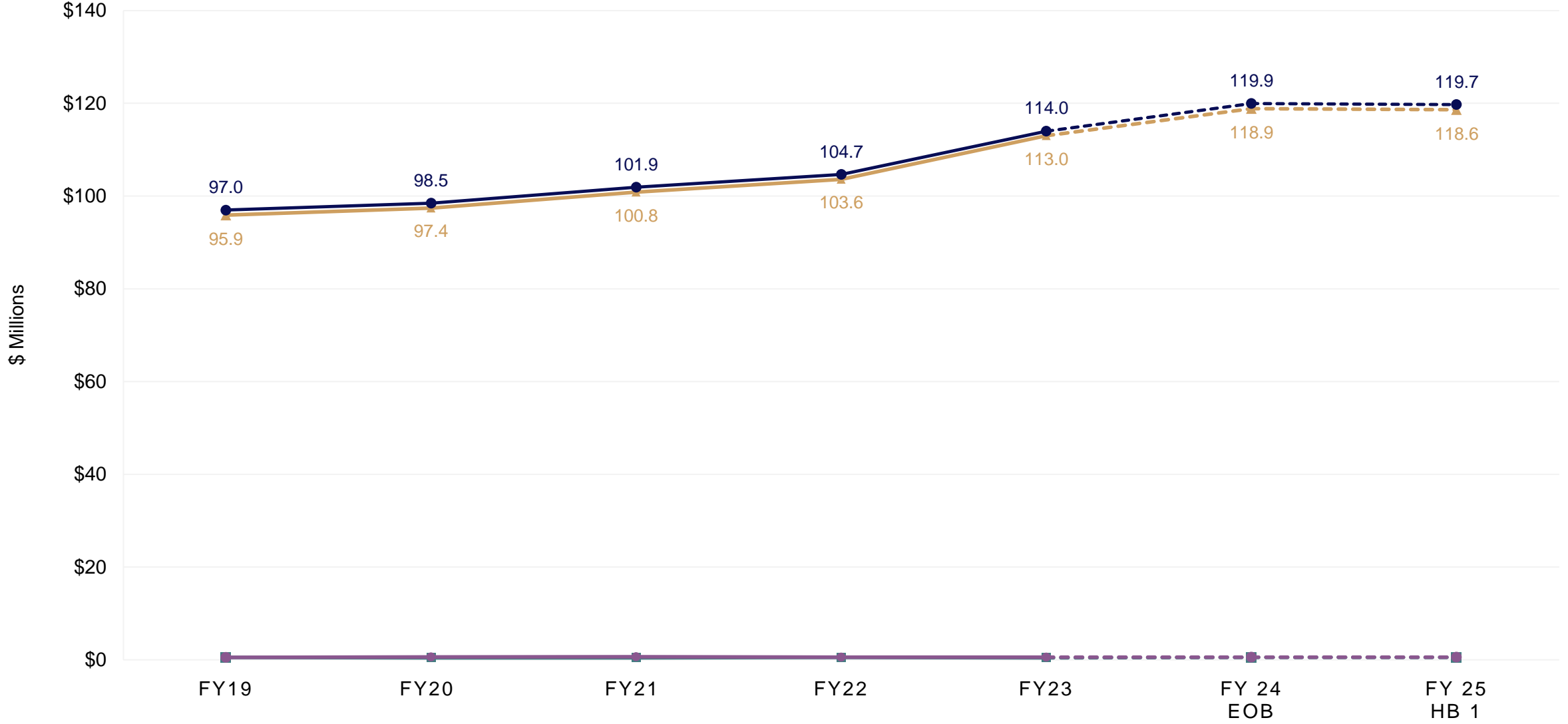
The mission of the Charitable Gaming Program is to administer efficiently and effectively the state's tax and regulatory statutes in a manner that will generate the highest degree of public confidence in the Department's integrity and fairness.

HISTORICAL SPENDING

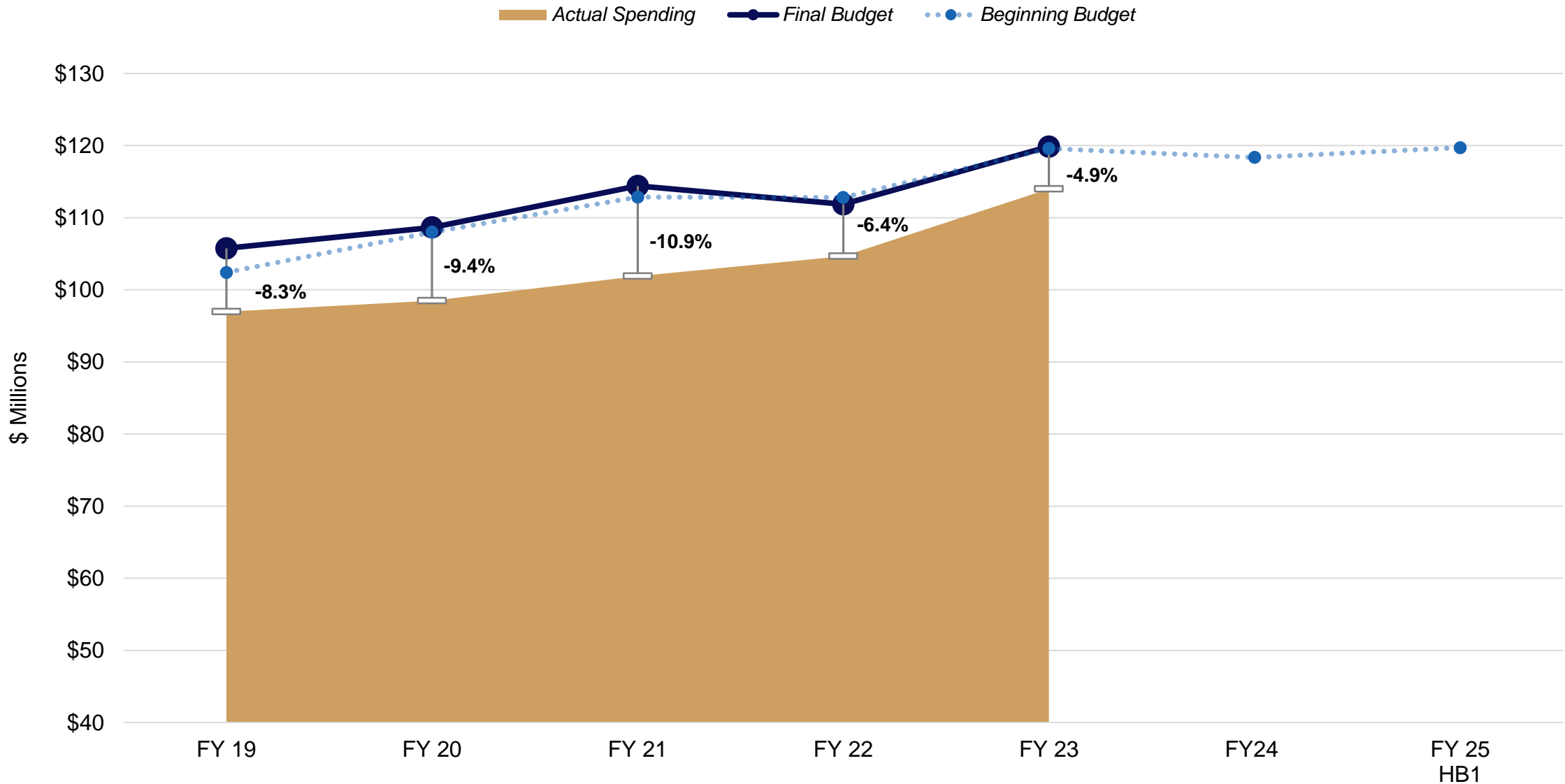
■ Interagency Transfers
 ▲ Fees & Self-generated
 ■ Statutory Dedications
 ● Total Budget

Annual Average Spending
Change from FY 19 to 23:

(4.7%)	4.2%	0.4%	4.1%
--------	------	------	------



HISTORICAL BUDGET



Note: additional information can be found under the general department section

SOURCES OF FUNDING

<p style="text-align: center;">Interagency Transfers</p> <p style="text-align: center;">\$515,000</p>	<p style="text-align: center;">Self-generated Revenue</p> <p style="text-align: center;">\$118.6 M</p>	<p style="text-align: center;">Statutory Dedications</p> <p style="text-align: center;">\$557,914</p>
<ul style="list-style-type: none"> • \$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 	<ul style="list-style-type: none"> • 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 in the amount of \$50,000,000 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 	<ul style="list-style-type: none"> • \$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)

FUNDING COMPARISON

Means of Finance	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
SGF	\$ 0	\$ 0	\$ 0	\$ 0	0.0%	\$ 0	0.0%
IAT	434,837	515,000	515,000	0	0.0%	80,163	18.4%
FSGR	113,003,100	118,857,224	118,637,147	(220,077)	(0.2%)	5,634,047	5.0%
Stat Ded	557,914	557,914	557,914	0	0.0%	0	0.0%
Federal	0	0	0	0	0.0%	0	0.0%
Total	\$ 113,995,851	\$ 119,930,138	\$ 119,710,061	\$ (220,077)	(0.2%)	\$ 5,714,210	5.0%

Significant funding changes compared to the FY 24 Existing Operating Budget

Fees & Self-generated

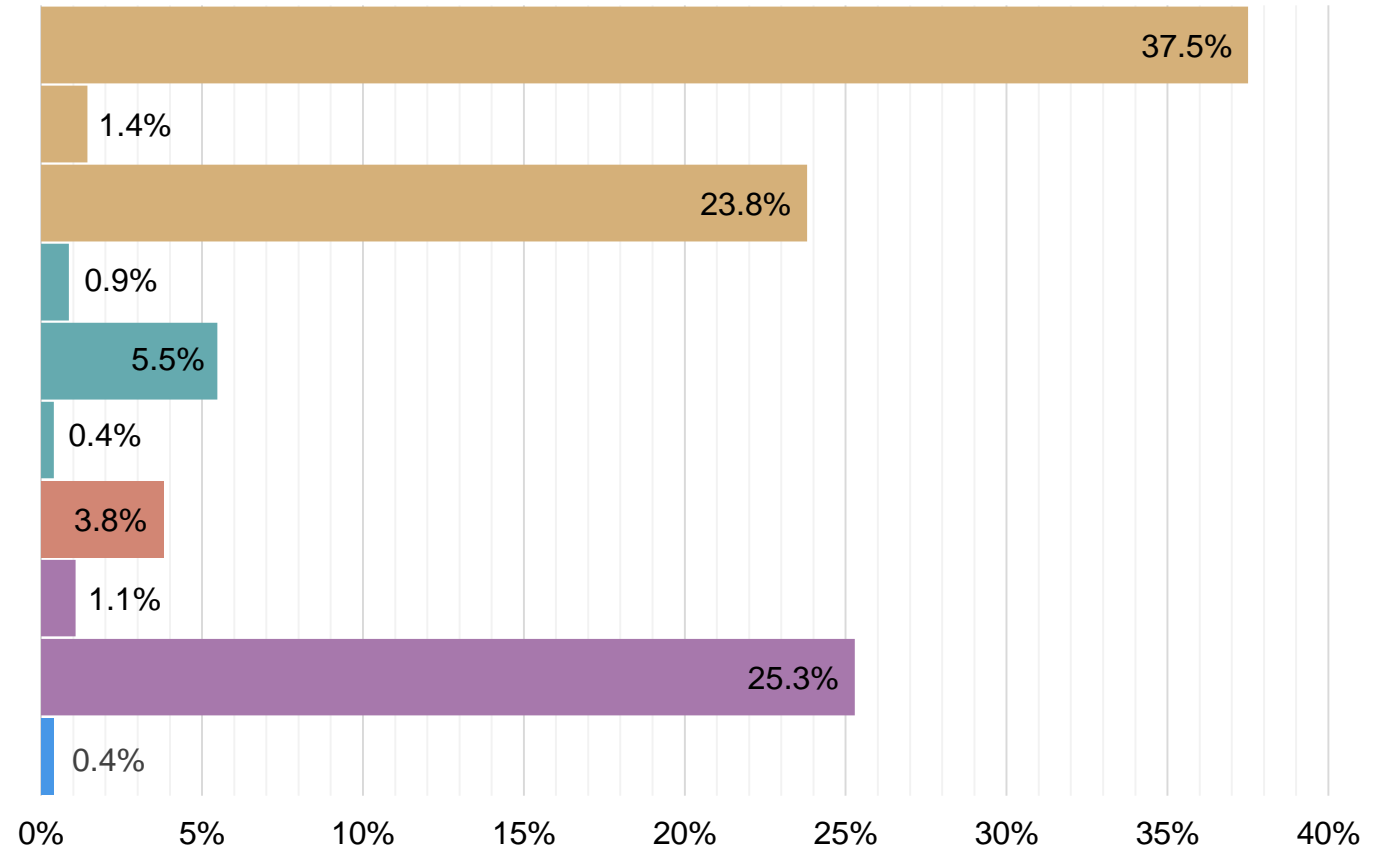
(\$220,077) net decrease due to items such as:

- (\$2.3M) decrease from various standard statewide adjustments
- \$2.1 M increase associated with various department wide adjustments for office expansions, software system enhancements, and professional service contracts

EXPENDITURE RECOMMENDATION FY 25

Total Budget = \$119,710,061

Expenditure Category		
Salaries	\$	44,902,361
Other Compensation		1,718,388
Related Benefits		28,493,499
Travel		1,027,318
Operating Services		6,553,544
Supplies		467,211
Professional Services		4,539,397
Other Charges		1,281,183
Interagency Transfers		30,261,766
Acquisitions/Repairs		465,394
Total	\$	119,710,061



EXPENDITURE COMPARISON

Expenditure Category	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 39,644,982	\$ 43,799,692	\$ 44,902,361	\$ 1,102,669	2.5%	\$ 5,257,379	13.3%
Other Compensation	1,243,815	1,718,388	1,718,388	0	0.0%	474,573	38.2%
Related Benefits	26,179,582	30,035,812	28,493,499	(1,542,313)	(5.1%)	2,313,917	8.8%
Travel	517,048	1,027,318	1,027,318	0	0.0%	510,270	98.7%
Operating Services	2,314,964	6,225,544	6,553,544	328,000	5.3%	4,238,580	183.1%
Supplies	325,344	467,211	467,211	0	0.0%	141,867	43.6%
Professional Services	2,038,360	3,689,397	4,539,397	850,000	23.0%	2,501,037	122.7%
Other Charges	408,225	1,281,183	1,281,183	0	0.0%	872,958	213.8%
Interagency Transfers	40,364,863	30,937,996	30,261,766	(676,230)	(2.2%)	(10,103,097)	(25.0%)
Acquisitions/Repairs	958,666	747,597	465,394	(282,203)	(37.7%)	(493,272)	(51.5%)
Total	\$ 113,995,849	\$ 119,930,138	\$ 119,710,061	\$ (220,077)	(0.2%)	\$ 5,714,212	5.0%

SIGNIFICANT EXPENDITURE CHANGES

Compared to the FY 24 Existing Operating Budget

Professional Services	Operating Services	Interagency Transfers	Acquisitions/Repairs
<p>\$850,000 net increase due to items such as:</p> <ul style="list-style-type: none"> \$500,000 increase for a contract to begin matching lottery, casino, and sports betting winnings against Office of Debt Recovery (ODR) debtors \$300,000 associated with a contract for litigation services surrounding alcohol delivery, manufacturing alternating premises, and CBD/THC issues. \$50,000 increase for purchases related to reopening an office in Lake Charles 	<p>\$328,000 net increase due to items such as:</p> <ul style="list-style-type: none"> \$200,000 associated with the expansion of the Monroe District office \$128,000 provides for maintenance and moving expenses related to reopening an office in Lake Charles 	<p>(\$676,230) net decrease due to items such as:</p> <ul style="list-style-type: none"> (\$873,138) decrease due to funds carried forward into FY 24 for IT related contacts \$213,400 increase associated with enhancement of the Bingo, Licensing, Accounting, and Inventory Reporting system \$150,000 for updates and maintenance of the Licensing and Enforcement System Application 	<p>(\$282,203) net decrease due to items such as:</p> <ul style="list-style-type: none"> \$234,085 for the replacement of one vehicle, headsets and office furniture for the Tax Collection program \$191,600 for purchases related to reopening an office in Lake Charles \$39,709 for various equipment replacements within the Alcohol and Tobacco Control program (e.g. <i>bulletproof vests, ammunition, surveillance equipment, badges etc.</i>) (\$747,597) to remove funding for acquisition purchases and major repairs budgeted in FY 24 that are no longer needed in FY 25

OTHER CHARGES / INTERAGENCY TRANSFERS

Other Charges

Amount	Description
\$ 718,043	Call Center Positions
473,140	ATC Investigative Funds for Compliance Checks
90,000	DHH Compliance Check Grant
\$ 1,281,183	Total Other Charges

Interagency Transfers

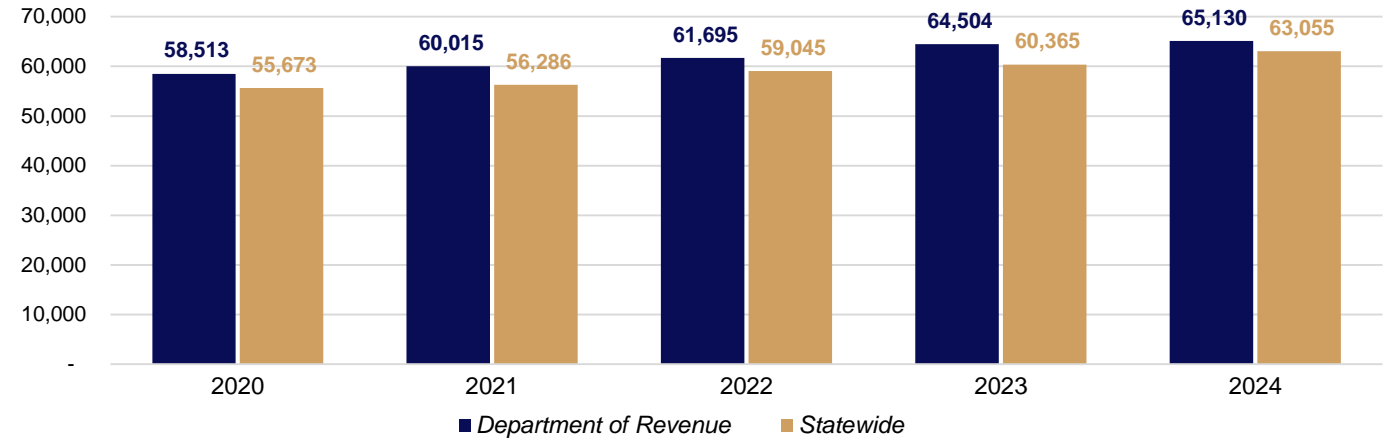
Amount	Description
\$ 17,211,183	OTS - Technology
3,125,852	Mailing Services
2,116,373	OTS - Telecommunications
2,088,235	Rent
1,807,102	Printing
973,470	Statewide Services (Civil Service, Treasury Banking, Procurement, Payroll Services)
748,869	Other State Department Transfers (DoJ, DNR, Board of Tax Appeals, Wildlife)
715,589	Risk Management
588,425	Legislative Auditor Fees
503,160	Capital Park Security and LaSalle Bldg. Security
383,508	State Buildings and Grounds
\$ 30,261,766	Total Interagency Transfers

PERSONNEL INFORMATION

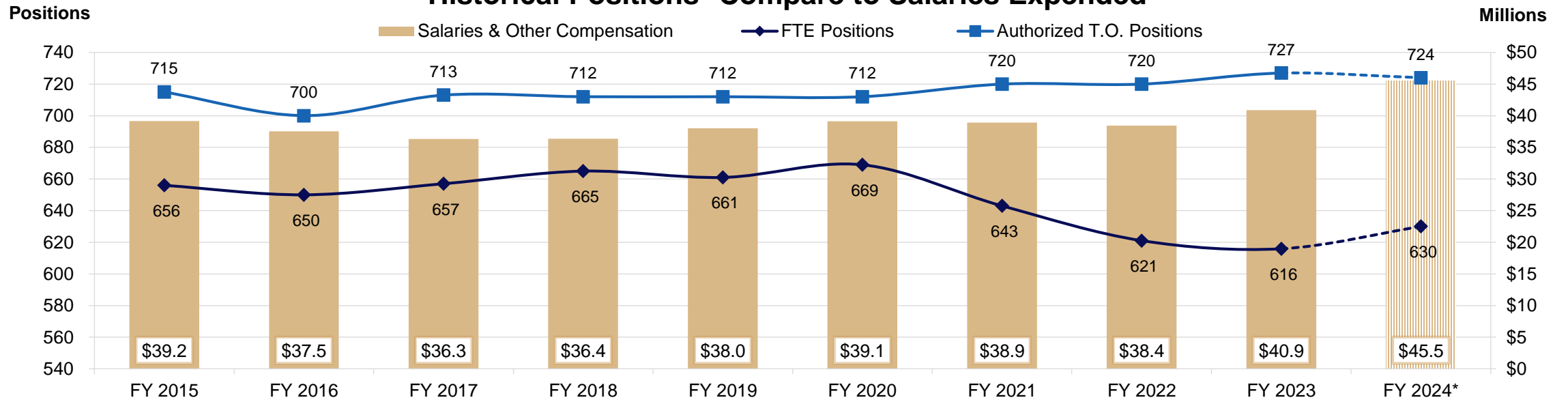
FY 2025 Recommended Positions

724	Total Authorized T.O. Positions (713 Classified, 11 Unclassified)
15	Authorized Other Charges Positions
6	Non-T.O. FTE Positions
87	Vacant Positions (January 29, 2024)

Historical Average Salary



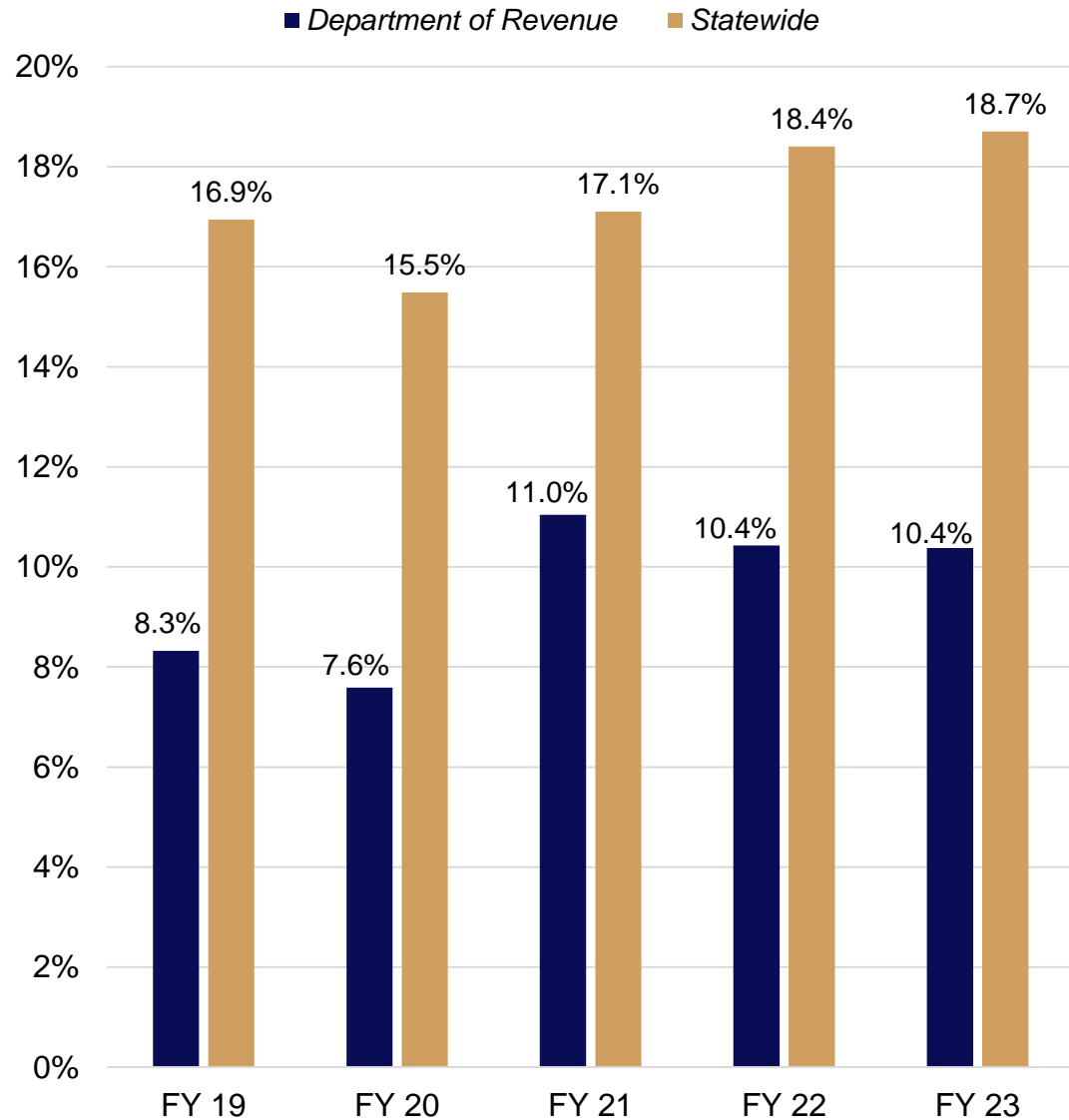
Historical Positions¹ Compare to Salaries Expended



¹ FTE Source: Dept. of Civil Service Weekly Report on State Employment

* Existing Operating Budget on 12/1/23

TURNOVER HISTORY



Top Positions Vacated FY 2023

Position	Number of Employees	Separations	Turnover Rate
Revenue Tax Auditor III	60	6	10.0%
Revenue Tax Auditor I	16	5	31.3%
Revenue Tax Specialist II	27	5	18.5%
Alcohol & Tobacco Control Agent II	9	4	44.4%
Revenue Tax Analyst II	41	4	9.8%

Source: Department of Civil Service Turnover Statistics

DEPARTMENT CONTACTS



Richard Nelson
Secretary

Richard.Nelson@la.gov

Jarrold J. Coniglio

Deputy Secretary

Jared.Coniglio2@la.gov

Laura Lapeze

Undersecretary

Laura.Lapeze@la.gov

Ernest Legier

Commissioner of ATC

Ernest.Legier@atc.la.gov

Katrina Emery

Director, Charitable Gaming

Katrina.Emery@la.gov

The seal of the State of Louisiana is visible in the background, featuring an eagle with a shield on its chest, perched on a nest with two birds. The text around the seal includes "STATE OF LOUISIANA", "UNION • JUSTICE", and "CONFIDENCE".

General Department Information

PRIOR YEAR ACTUALS FY 23

Were projected revenues collected?

	Final Budget <i>(w/o FY23 carryfwd)</i>	Revenue Collections	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	552,030	410,085	(141,945)
FSGR	118,662,234	171,720,634	53,058,400
SD	657,914	657,914	0
FED	0	0	0
Total	\$ 119,872,178	\$ 172,788,633	\$ 52,916,455

Were collected revenues spent?

	Revenue Collections	Expenditures	Difference
SGF	\$ 0	\$ 0	\$ 0
IAT	410,085	434,837	24,752
FSGR	171,720,634	112,903,100	(58,817,534)
SD	657,914	657,914	0
FED	0	0	0
Total	\$ 172,788,633	\$ 113,995,851	\$ (58,792,783)

The department collected \$52.9 M more than than the FY 23 budget. All of these over collections were seen in self-generated revenues.

Pursuant to Act 348 of the 2020 R.S., the department's self-generated revenue structure changed. The dept. now receives 1% of sales tax, individual income tax, and corporate income and franchise tax collections. This change took effect beginning in FY 23.

The department collected \$58.8 M more than was expended in FY 23. The majority of the excess collections was self-generated revenue.

This is contributed to the change of how the department collects self-generated revenues.

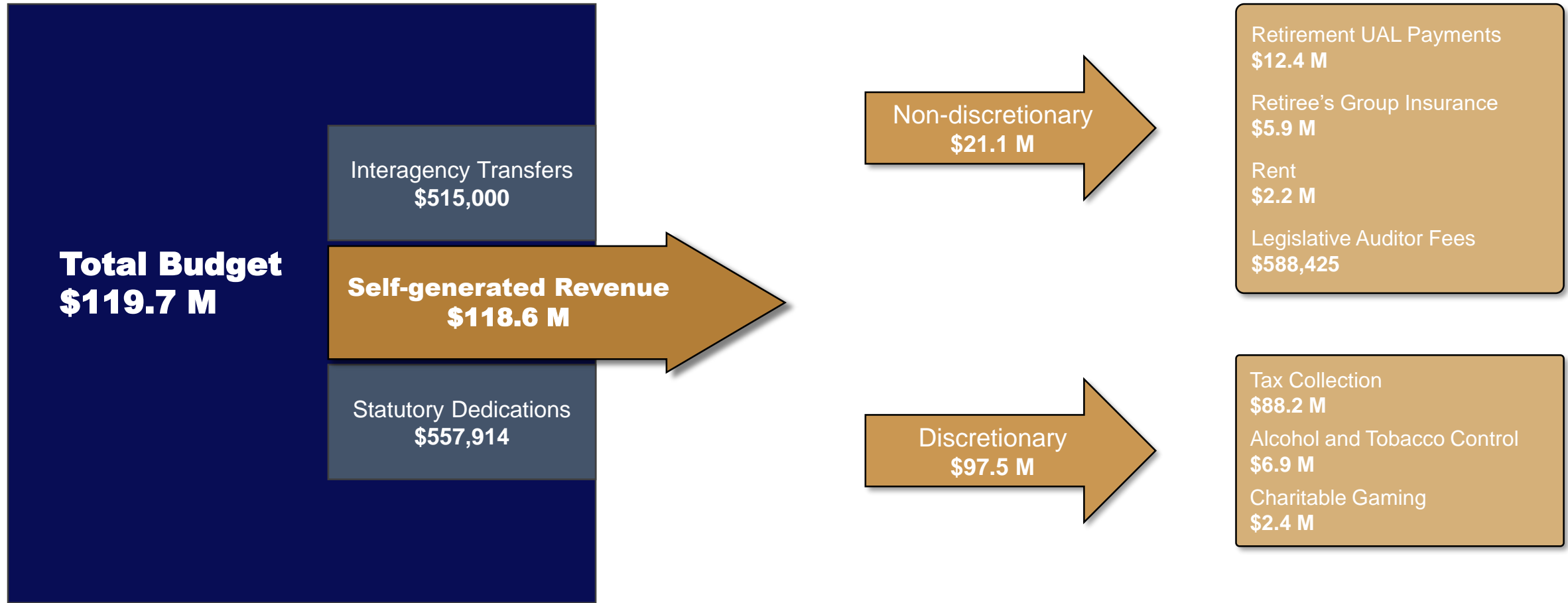
EXISTING OPERATING BUDGET FY 24

The FY 2023-24 Existing Operating Budget (EOB) was frozen on December 1, 2023. 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	515,000	0	515,000
Self-generated Revenue	117,285,462	1,571,762	118,857,224
Statutory Dedications	557,914	0	557,914
Federal	0	0	0
Total	\$ 118,358,376	\$ 1,571,762	\$ 119,930,138

<i>Mid-year Adjustments Summary</i>				
July	August	September	October	November
No change	\$1.6 M Self-generated Revenue carried into FY 24 from the prior fiscal year for various program expenses.	No change	No change	No change

DISCRETIONARY EXPENSES FY 25



* Figures may not add precisely due to rounding *

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 138 state and local agencies have placed debt with ODR.

ODR Operations:

There is no cost to the agency for participating with ODR. For debts transferred to ODR beginning January 2024, the statutory maximum fee of 25% was reduced administratively to 15% to reflect actual collection costs.

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 as of Sept. 30, 2023
State Agencies	1,148,267	\$721,047,753
Higher Education	5,565	\$6,728,118
Municipalities	43,001	\$35,628,139
ODR Total	1,196,833	\$763,404,010

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	\$40,885,082
FY 2022	\$53,399,691
FY 2023	\$52,214,984
FY 2024 (through September 30, 2023)	\$13,407,966
Total Collected	\$403,467,999

Source: Department of Revenue