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Minnesota Department of Revenue

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AT A GLANCE

In 2019, the Department of Revenue:

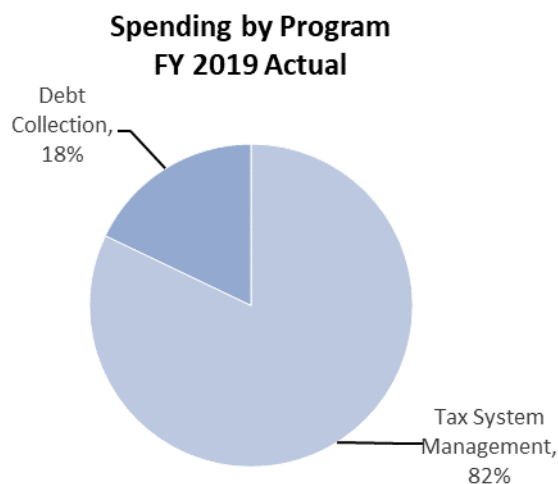
- Employed 1,417 people across the state
- Processed 3 million individual income tax returns
- Collected \$12.1 billion in individual income taxes
- Collected \$7.3 billion in sales taxes
- Collected \$811 million in statewide property taxes
- Collected \$23 billion in state taxes annually to fund state and local programs
- Assisted 345,000 businesses collect sales tax
- Assisted 3,429 local governments with tax administration
- Responded to over 640,000 phone calls and helped another 100,000 customers by email or in-person
- Served 3.1 million visitors (22.5 million page views) through our website

PURPOSE

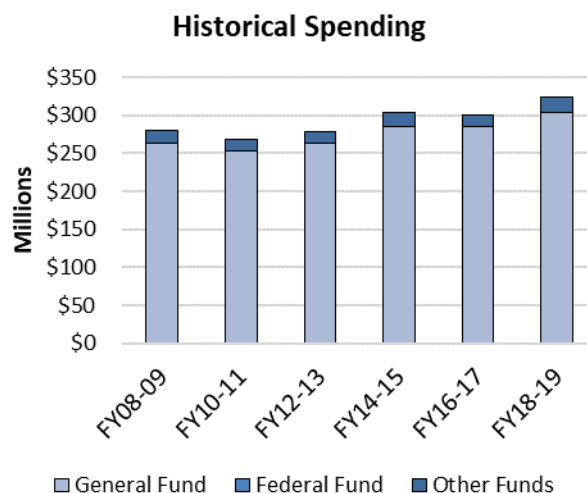
The Minnesota Department of Revenue's mission is "working together to fund Minnesota's future." Our vision is that everyone reports, pays and receives the right amount: no more, no less.

We work with individuals, businesses, local governments, federal and state agencies, tax professionals, and others to administer 40 state and local taxes. We collect over \$23 billion in state taxes annually to fund state and local programs.

We also collect debt owed to state agencies and local governments. We oversee the uniform application of property tax laws by local governments, administer state property tax refund and relief programs, and make state aid payments to counties, cities, towns, and special taxing districts through 31 state programs.

BUDGET

Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement

The revenue we collect is allocated through the budget process to fund a wide range of state and local programs, including education, health care, roads and bridges, transit, parks and trails, prisons, public safety, job training, economic development, and local government services, among others.

The department's budget is organized into two major programs: Tax System Management and Debt Collection Management.

Tax System Management includes the following activities:

- Tax Payment and Return Processing
- Administration of State Taxes
- Appeals, Legal Services, and Tax Research
- Agency-wide Operations Support and Oversight

Debt Collection Management collects delinquent tax debts and debts owed to other state agencies. Key activities include:

- Helping customers understand and resolve their state tax and other government agency debts
- Using the collection process when customers do not voluntarily work to resolve their debts

STRATEGIES

Minnesota's future is dependent on successfully meeting the following priorities: to be the best state in the country when it comes to children and families, equity and inclusion, thriving communities, fiscal accountability, measurable results, and the environment. The Department of Revenue works to meet these priorities by providing services to a diverse set of customers, including individuals, businesses, and local governments. We strive to meet our customers' needs through efficient and effective tax administration, providing quality customer service to Minnesota taxpayers, and a commitment to continuous improvement.

To achieve these priorities, we have identified the following Department of Revenue strategies:

1. Provide customers with information, education, and services.
2. Create operational efficiencies and leverage technology to secure customer information, and to meet customer and employee needs.
3. Enforce the tax laws by identifying and addressing patterns of non-compliance.
4. Listen to our customers, identify and develop improvements to the revenue system.
5. Foster a productive, innovative, and healthy work environment that provides opportunities for growth and development.

Legal Citation: M.S. 270C.03 establishes the Department of Revenue's legal authority.

(www.revisor.mn.gov/statutes/?id=270C.03)

Revenue

Agency Expenditure Overview

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY22 | FY23 | FY22 | FY23 |

Expenditures by Fund

| | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1000 - General | 143,283 | 161,374 | 161,051 | 161,966 | 167,286 | 167,286 | 176,091 | 176,474 |
| 2000 - Restrict Misc Special Revenue | 4,915 | 5,595 | 7,836 | 8,657 | 8,527 | 8,517 | 8,527 | 8,517 |
| 2360 - Health Care Access | 1,749 | 1,754 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 |
| 2710 - Highway Users Tax Distribution | 2,184 | 2,190 | 2,194 | 2,196 | 2,195 | 2,195 | 2,195 | 2,195 |
| 2800 - Environmental | 303 | 304 | 305 | 305 | 305 | 305 | 305 | 305 |
| Total | 152,434 | 171,217 | 173,146 | 174,884 | 180,073 | 180,063 | 188,878 | 189,251 |
| Biennial Change | | | | 24,379 | | 12,106 | | 30,099 |
| Biennial % Change | | | | 8 | | 3 | | 9 |
| Governor's Change from Base | | | | | | | | 17,993 |
| Governor's % Change from Base | | | | | | | | 5 |

Expenditures by Program

| | | | | | | | | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Tax System Management | 122,202 | 140,579 | 143,083 | 144,634 | 148,871 | 148,861 | 157,119 | 156,975 |
| Debt Collection Management | 30,232 | 30,638 | 30,063 | 30,250 | 31,202 | 31,202 | 31,759 | 32,276 |
| Total | 152,434 | 171,217 | 173,146 | 174,884 | 180,073 | 180,063 | 188,878 | 189,251 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Compensation | 114,625 | 121,450 | 129,962 | 132,780 | 134,999 | 134,999 | 141,286 | 142,823 |
| Operating Expenses | 37,209 | 47,474 | 42,524 | 41,441 | 44,411 | 44,401 | 46,529 | 45,365 |
| Grants, Aids and Subsidies | 400 | 411 | 597 | 600 | 600 | 600 | 1,000 | 1,000 |
| Capital Outlay-Real Property | (11) | 168 | (60) | | | | | |
| Other Financial Transaction | 210 | 1,714 | 123 | 63 | 63 | 63 | 63 | 63 |
| Total | 152,434 | 171,217 | 173,146 | 174,884 | 180,073 | 180,063 | 188,878 | 189,251 |

Full-Time Equivalents

| | | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1,392.01 | 1,441.45 | 1,478.75 | 1,460.63 | 1,438.93 | 1,417.43 | 1,496.04 | 1,481.72 |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|

Revenue

Agency Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------|----------|----------|----------|---------------|----------|---------------------------|----------|
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 9,456 | | 2,704 | | | | |
| Direct Appropriation | 151,919 | 156,073 | 163,409 | 166,606 | 166,356 | 166,356 | 175,161 | 175,544 |
| Open Appropriation | 624 | 411 | 405 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Transfers In | 9,692 | 15,936 | 4,147 | 12,301 | 6,801 | 6,801 | 6,801 | 6,801 |
| Transfers Out | 9,804 | 20,042 | 4,203 | 12,371 | 6,871 | 6,871 | 6,871 | 6,871 |
| Cancellations | | 460 | 3 | 8,274 | | | | |
| Balance Forward Out | 9,149 | | 2,704 | | | | | |
| Expenditures | 143,283 | 161,374 | 161,051 | 161,966 | 167,286 | 167,286 | 176,091 | 176,474 |
| Biennial Change in Expenditures | | | | 18,360 | | 11,555 | | 29,548 |
| Biennial % Change in Expenditures | | | | 6 | | 4 | | 9 |
| Governor's Change from Base | | | | | | | | 17,993 |
| Governor's % Change from Base | | | | | | | | 5 |
| Full-Time Equivalents | 1,315.01 | 1,343.42 | 1,376.93 | 1,345.15 | 1,324.45 | 1,302.95 | 1,381.56 | 1,367.24 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 6,165 | 7,768 | 8,717 | 7,866 | 6,821 | 5,901 | 6,821 | 5,901 |
| Receipts | 6,518 | 6,543 | 6,987 | 7,612 | 7,607 | 7,607 | 7,607 | 7,607 |
| Transfers In | 6,165 | 0 | | | | | | |
| Transfers Out | 6,165 | 0 | | | | | | |
| Balance Forward Out | 7,768 | 8,717 | 7,868 | 6,821 | 5,901 | 4,991 | 5,901 | 4,991 |
| Expenditures | 4,915 | 5,595 | 7,836 | 8,657 | 8,527 | 8,517 | 8,527 | 8,517 |
| Biennial Change in Expenditures | | | | 5,984 | | 551 | | 551 |
| Biennial % Change in Expenditures | | | | 57 | | 3 | | 3 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 39.00 | 64.62 | 69.44 | 77.18 | 76.18 | 76.18 | 76.18 | 76.18 |

2360 - Health Care Access

| | | | | | | | | |
|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Direct Appropriation | 1,749 | 1,754 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 |
| Transfers In | 290 | 290 | | | | | | |
| Transfers Out | 290 | 290 | | | | | | |
| Balance Forward Out | | | 0 | | | | | |
| Expenditures | 1,749 | 1,754 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 | 1,760 |

Revenue

Agency Financing by Fund

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|-------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| Biennial Change in Expenditures | | | | 17 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 0 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 16.20 | 14.63 | 15.13 | 15.80 | 15.80 | 15.80 | 15.80 | 15.80 |

2710 - Highway Users Tax Distribution

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 0 | 0 | | 1 | | | | |
| Direct Appropriation | 2,184 | 2,190 | 2,195 | 2,195 | 2,195 | 2,195 | 2,195 | 2,195 |
| Transfers In | 343 | 343 | | | | | | |
| Transfers Out | 343 | 343 | | | | | | |
| Balance Forward Out | | | 1 | | | | | |
| Expenditures | 2,184 | 2,190 | 2,194 | 2,196 | 2,195 | 2,195 | 2,195 | 2,195 |
| Biennial Change in Expenditures | | | | 16 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 0 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 18.58 | 15.55 | 15.05 | 19.80 | 19.80 | 19.80 | 19.80 | 19.80 |

2800 - Environmental

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Direct Appropriation | 303 | 304 | 305 | 305 | 305 | 305 | 305 | 305 |
| Balance Forward Out | | | 0 | | | | | |
| Expenditures | 303 | 304 | 305 | 305 | 305 | 305 | 305 | 305 |
| Biennial Change in Expenditures | | | | 3 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 0 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 3.22 | 3.23 | 2.20 | 2.70 | 2.70 | 2.70 | 2.70 | 2.70 |

Revenue

Agency Change Summary

(Dollars in Thousands)

| | FY21 | FY22 | FY23 | Biennium 2022-23 |
|--|---------|---------|---------|---------------------|
| Direct | | | | |
| Fund: 1000 - General | | | | |
| FY2021 Appropriations | 166,606 | 166,606 | 166,606 | 333,212 |
| Base Adjustments | | | | |
| All Other One-Time Appropriations | | (250) | (250) | (500) |
| Forecast Base | 166,606 | 166,356 | 166,356 | 332,712 |
| Change Items | | | | |
| Operating Adjustment | | 3,956 | 6,828 | 10,784 |
| Governor's Tax Package Administration | | 4,349 | 1,860 | 6,209 |
| Volunteer Income Tax Assistance | | 500 | 500 | 1,000 |
| Total Governor's Recommendations | 166,606 | 175,161 | 175,544 | 350,705 |
| Fund: 2360 - Health Care Access | | | | |
| FY2021 Appropriations | 1,760 | 1,760 | 1,760 | 3,520 |
| Forecast Base | 1,760 | 1,760 | 1,760 | 3,520 |
| Total Governor's Recommendations | 1,760 | 1,760 | 1,760 | 3,520 |
| Fund: 2710 - Highway Users Tax Distribution | | | | |
| FY2021 Appropriations | 2,195 | 2,195 | 2,195 | 4,390 |
| Forecast Base | 2,195 | 2,195 | 2,195 | 4,390 |
| Total Governor's Recommendations | 2,195 | 2,195 | 2,195 | 4,390 |
| Fund: 2800 - Environmental | | | | |
| FY2021 Appropriations | 305 | 305 | 305 | 610 |
| Forecast Base | 305 | 305 | 305 | 610 |
| Total Governor's Recommendations | 305 | 305 | 305 | 610 |
| Open | | | | |
| Fund: 1000 - General | | | | |
| FY2021 Appropriations | 1,000 | 1,000 | 1,000 | 2,000 |
| Forecast Base | 1,000 | 1,000 | 1,000 | 2,000 |
| Total Governor's Recommendations | 1,000 | 1,000 | 1,000 | 2,000 |
| Dedicated | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Planned Spending | 8,657 | 8,527 | 8,517 | 17,044 |
| Forecast Base | 8,657 | 8,527 | 8,517 | 17,044 |
| Total Governor's Recommendations | 8,657 | 8,527 | 8,517 | 17,044 |

Revenue

Agency Change Summary

(Dollars in Thousands)

| | FY21 | FY22 | FY23 | Biennium 2022-23 |
|---|-------|-------|-------|---------------------|
| <i>Revenue Change Summary</i> | | | | |
| <i>Dedicated</i> | | | | |
| Fund: 2000 - Restrict Misc Special Revenue | | | | |
| Forecast Revenues | 7,612 | 7,607 | 7,607 | 15,214 |
| Total Governor's Recommendations | 7,612 | 7,607 | 7,607 | 15,214 |

Minnesota Department of Revenue

FY 2022-23 Biennial Budget Change Item

Change Item Title: Operating Adjustment

| Fiscal Impact (\$000s) | FY 2021 | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|---------|---------|---------|---------|---------|
| General Fund | | | | | |
| Expenditures | (8,274) | 3,956 | 6,828 | 6,828 | 6,828 |
| Revenues | 0 | 0 | 0 | 0 | 0 |
| Other Funds | | | | | |
| Expenditures | 0 | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | (8,274) | 3,956 | 6,828 | 6,828 | 6,828 |
| FTEs | 0 | 28.73 | 49.06 | 49.06 | 49.06 |

Recommendation:

The Governor recommends a reduction of \$8.274 million to the FY 2021 general fund operating appropriation and additional funding of \$3.956 million in FY 2022 and \$6.828 million in each subsequent year from the general fund to maintain the current level of service delivery at the Department of Revenue. The FY 2021 recommendation represents a one-time 5% operating reduction for Revenue. For FY 2022 and FY 2023, the operating adjustment increases Revenue's base budget by 3.2% to partially fund projected cost increases in the upcoming biennium.

Rationale/Background:

The FY 2021 operating reduction amount reflects the savings generated due to the state hiring freeze and other operating efficiencies in the current year, such as maximizing virtual interactions with our customers which reduced the department's use fleet vehicles and other travel costs for compliance work; reduced use of paper, non-centralized printers, and other office supplies due to the current virtual work environment; and offering salary savings leave to employees to maximize compensation savings.

The operating increases recommended in FY 2022 and FY 2023 fund a portion of the projected cost increases in the upcoming biennium. Each year, the cost of doing business rises—including growing costs for employer-paid health care contributions and other salary and compensation-related costs. Other operating costs, like rent and lease, fuel and utilities, IT and legal services also grow. This cost growth puts pressure on agency operating budgets that remain flat from year to year without enacted increases.

Agencies face challenging decisions to manage these costs within existing budgets, while maintaining the services Minnesotans expect. To manage costs, most agencies find ways to become more efficient with existing resources. For the Department of Revenue, efficiencies have already been implemented to produce savings in FY 2021 and these efficiencies will continue into FY 2022 and FY 2023 along with additional efficiencies including:

- Reducing our mailing and printing costs
 - In FY 2020, the department sent over 3 million pieces of mail to Minnesotans to help them meet their tax obligations. As mailing costs continue to increase, our statutory obligation to mail hard copies to our customers creates significant budget pressure for the department and we will be working to identify and realize additional efficiencies during FY 22-23 in order to reduce our printing and mailing costs and send documents to customers electronically.
- Establishing a permanent virtual workforce model
 - In FY 2022 and FY 2023, the department will begin by transitioning some of our current regional office locations to a virtual, home-based workspace model so the department can maintain a

presence throughout the state, expand our ability to recruit employees located anywhere in Minnesota, while reducing costs for renting physical office locations.

Efficiencies will continue in the next biennium; however, cost growth will continue to put pressure on budgets and without additional resources, service delivery erodes. For the Department of Revenue this means:

- Customers will wait longer for income and property tax refunds and will have a harder time reaching someone in the department by phone or email to have their questions answered. In addition, we will perform fewer educational classes and audits that help Minnesotans meet their tax obligations and there will be less support available for low-income taxpayers who are not represented by tax professionals including lawyers, CPAs, and tax preparers.
- Increased costs will also negatively impact the revenue stream that supports state and local governments as Revenue collects nearly \$27 billion for the state's general fund and about \$450 million in local option sales tax.

Proposal:

The Governor recommends reducing the FY 2021 general fund operating appropriation by \$8.274 million. In addition, the Governor recommends increasing agency operating budgets to support the delivery of current services. This increase is below the assumed level of inflation, acknowledging continued efficiencies achieved by the Department of Revenue. For the Department of Revenue, more than 74% of the department's budget is for employee costs and this funding will cover expected and anticipated employee compensation growth. This funding will also cover known cost increases for IT services which help maintain strong security on our IT systems to help protect the sensitive customer data managed by the department.

Impact on Children and Families:

This operating adjustment includes services that allow the Department of Revenue to support Minnesota children and families, specifically by:

- Increasing awareness of Minnesota's various tax credits and subtractions that work to strengthen children and families, including the K-12 Education Credit and Subtraction, the Working Family Credit, and the Child and Dependent Care Credit.
- Providing Minnesotans with the information, education, and services they need to efficiently navigate these tax opportunities by being accessible, transparent, and accountable.
- Working with the Governor's Children's Cabinet to help make Minnesota the best place for every child to grow up.

Equity and Inclusion:

This operating adjustment includes support for services that allow the Department of Revenue to support equity and inclusion in Minnesota, specifically by:

- Leveraging the volunteer tax assistance grant program to provide access and availability to those who need the most assistance with tax preparation.
- Promoting Volunteer Income Tax Assistance (VITA) and AARP Tax-Aide programs in order to help Minnesotans across the state prepare federal and state income tax and property tax refund returns.
- Amplifying opportunities for Minnesotans to take advantage of free-file options for federal and state income tax returns.
- Reviewing internal processes and procedures to always strive for a more equitable application of the state's tax code.

Results:

This proposal is intended to allow the Department of Revenue to continue to provide current levels of service and information to the public.

Minnesota Department of Revenue

FY 2022-23 Biennial Budget Change Item

Change Item Title: Administering the Governor's 2021 Tax Bill

| Fiscal Impact (\$000s) | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 4,349 | 1,860 | 1,860 | 1,860 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 4,349 | 1,860 | 1,860 | 1,860 |
| FTEs | 27.38 | 14.23 | 14.23 | 14.23 |

Recommendation:

The Governor recommends providing the Department of Revenue with funding to administer the Governor's 2021 Tax Bill. The Department of Revenue would incur \$4.349 million in costs in FY 2022 and \$1.860 million in each year thereafter to implement these changes.

Rationale/Background:

The cost of implementing new tax provisions strongly depends on the nature of the tax law changes. The Department of Revenue can leverage our existing systems and processes to implement some changes with little additional effort while others – particularly complex law changes and new tax types, for example – require additional resources.

The Department of Revenue's goal is to ensure that all taxpayers with obligations or benefits under Minnesota's tax code have the information and resources they need to follow the law. With growing numbers of taxpayers and additional tax laws, the department will not be able to meet taxpayer demands without additional resources.

Proposal:

This proposal funds the costs that the Department of Revenue would incur to implement the Governor's tax bill, which includes: providing clear forms, instructions, and other written guidance; outreach to the affected industry or customer set; systems changes and maintenance to our integrated tax system; working with external vendors on changes, particularly for individual income taxes; maintaining IT systems that can process and retain accurate information; reviewing and auditing returns; and handling appeals.

Results:

Implementation of this proposal will enable the Department of Revenue to continue to efficiently administer Minnesota's tax laws and serve as a resource for all Minnesota taxpayers as changes are adopted to the state's tax code as a result of the Governor's tax bill.

| Type of Measure | Name of Measure | Impact |
|-----------------|--|----------|
| Quality | Level of service to taxpayers as changes are made to the tax code. | Maintain |

Minnesota Department of Revenue

FY 2022-23 Biennial Budget Change Item

Change Item Title: IRS Publication 1075

| Fiscal Impact (\$000s) | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|----------|----------|----------|----------|
| General Fund | 0 | 0 | 0 | 0 |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | 0 | 0 | 0 | 0 |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 0 | 0 | 0 | 0 |
| FTEs | 0 | 0 | 0 | 0 |

Recommendation:

The Governor recommends aligning state background check requirements with federal guidelines for all state employees, county employees, and contractors who have access to federal tax information (FTI). Conforming to federal standards ensures Minnesota continues to protect sensitive data from unauthorized use, access, and disclosure. The affected agencies are the Minnesota Department of Revenue, the Minnesota Department of Human Services, Minnesota IT Services, Minnesota Department of Employment and Economic Development, Minnesota Department of Public Safety, and MNsure.

Rationale/Background:

In 2016, the IRS updated their guidance, called Publication 1075, by requiring that all US government agencies and their agents undergo fingerprinting as part of their minimum background check requirements in order to access and use Federal Tax Information (FTI). This legislation aligns the state background check requirements with the federal requirements.

All agencies in Minnesota that access and use FTI are not in compliance with this requirement of IRS Publication 1075. Without statutory authority, fingerprint-based state and national background checks for individuals with access to FTI is not possible. The affected state agencies currently conduct background checks on employees, but do not fingerprint or conduct national criminal history record information checks on applicants. Without this legislation the state risks losing access to FTI, which would undermine the state's ability to do important work.

Proposal:

The proposal allows a state agency or local government to fingerprint individuals who have or will have access to FTI for a national criminal history record information check through the Federal Bureau of Investigation.

The national criminal history record information check will cost \$45 per employee and must be recompleted every five years. \$150,000 is estimated to be absorbed across the impacted agencies in FY 2022 and FY 2023. Future costs will need to be reevaluated as the policy is implemented.

Impact on Children and Families:

This proposal does not affect children and families.

Equity and Inclusion:

The State of Minnesota will continue to strive to be an inclusive, equitable, and equal opportunity employer.

Minnesota Department of Revenue

FY 2022-23 Biennial Budget Change Item

Change Item Title: Volunteer Income Tax Assistance (VITA)

| Fiscal Impact (\$000s) | FY 2022 | FY 2023 | FY 2024 | FY 2025 |
|--|---------|---------|---------|---------|
| General Fund | | | | |
| Expenditures | 500 | 500 | 500 | 500 |
| Revenues | 0 | 0 | 0 | 0 |
| Other Funds | | | | |
| Expenditures | 0 | 0 | 0 | 0 |
| Revenues | 0 | 0 | 0 | 0 |
| Net Fiscal Impact = (Expenditures – Revenues) | 500 | 500 | 500 | 500 |
| FTEs | 1 | 1 | 1 | 1 |

Recommendation:

The Governor recommends an additional \$500,000 per year for Volunteer Income Tax Assistance (VITA), for a total of \$1,100,000 per year. The Governor also recommends expanding the list of organizations eligible to receive grants to provide taxpayer assistance. The expansion would align the eligible organizations with types of grantees under the federal VITA program.

The tax code is complex and VITA programs require ongoing training, support, and resources to start, sustain, and grow these programs. Additional funding for grants and resources to support capacity building efforts within the Department of Revenue will increase the ability of organizations to expand the number of taxpayers served through existing and potentially new VITA sites across Minnesota.

Rationale/Background:

There are over 200 VITA sites across Minnesota that are staffed with Internal Revenue Service certified volunteers who assist Minnesotans with filing their federal and state income taxes and property tax refunds.

In 2020, the Department of Revenue grants funded over 35 sites that helped prepare over 48,000 Minnesota income tax returns and over 29,000 property tax refund returns. Over \$39.2 million dollars in state income tax and property tax refunds were issued to Minnesota taxpayers.

Proposal:

This proposal expands the applicants that can receive taxpayer assistance grants to local governments, educational institutions, and Tribal Nations, in addition to the current nonprofit recipients. VITA sites provide valuable tax services to those in need. These services increase compliance, and ease burdens for taxpayers.

This expansion will be especially valuable to help develop VITA sites that are located in rural Minnesota, far from other tax preparation services.

The increase in funding will allow the Department of Revenue to provide technical support, training, tools, and serve as a resource to existing and prospective VITA organizations and thus expand access for underserved populations to free tax preparation services across Minnesota. Of the additional funding each year, \$400,000 will be for additional grants and \$100,000 will be for grant administration and program support.

Impact on Children and Families:

This will help children and families to the extent that allowing a broader number of VITA site grant applicants will likely broaden the number of taxpayers and families that are helped.

Equity and Inclusion:

This will provide Minnesotans access to taxpayer preparation services in locations where service is currently not available or limited.

Results:

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Impact</i> |
|------------------------|---|---------------|
| Quantity | Number of organizations which qualify for VITA grants | Increase |
| Quantity | Taxpayer access to preparation | Increase |

Program: Tax System Managementwww.revenue.state.mn.us**AT A GLANCE**

In 2019, the Minnesota Department of Revenue:

- Interacted with 485,000 corporations, S corporations, partnerships, and other businesses
- Issued 911,000 property tax refunds
- Awarded 35 Volunteer Income Tax Assistance (VITA) grants to organizations that provide tax assistance to minority and low-income communities.
- Provided over 77 free classes for business taxpayers and tax preparers
- Attended eight events for military service members and families to promote their eligibility for tax benefits

PURPOSE & CONTEXT

The Department of Revenue's Tax System Management program provides the technology and human resources needed to administer tax laws. The program provides tax information and education, filing and paying services, property tax and state aid administration, and tax enforcement.

These Tax System Management activities help ensure that individuals, businesses, and policymakers have:

- Information and services they need to accurately, voluntarily, and conveniently file and pay their taxes, receive their refund and claim credits they are eligible to receive
- Confidence that everyone reports, pays and receives the right amount: no more or no less
- Accurate, impartial, and complete information to make informed decisions

SERVICES PROVIDED

The Tax Management System is responsible for collecting over \$23 billion each year to fund essential services to Minnesotans including: local government and school district aid; services for children, families and seniors; early childhood, E-12 and higher education; health and human services; transportation; public safety; environmental, energy, and agricultural programs; and other important services.

Minnesota's tax system is fueled by the vast majority of people who voluntarily file and pay on time, and who rely on the department for: education and outreach; a robust and reliable filing system; and confidence in the system. When taxpayers do not meet their obligations under the law, we work to bring them into compliance through collection and enforcement efforts.

We provide a variety of services in the Tax System Management program. Specific activities are listed below and are described in more detail in their Budget Activity Narratives.

- Payment and Return Processing
- Administration of State Taxes
- Appeals, Legal Services, and Tax Research
- Agency-wide Operations Support and Oversight

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|--|-----------------|----------------|------------------------------------|
| Quantity | Number of incoming customer requests (includes email, phone, letter, web and walk ins) | 518,326 | 753,881 | Previous is FY17, Current is FY19 |
| Quality | Percentage of customers that file their returns electronically | 85.1% | 88% | Previous is CY17, Current is CY19. |

Legal Citation: M.S. 270C.03 establishes the Department of Revenue's legal authority.
(www.revisor.mn.gov/statutes/?id=270C.03)

Program: Tax System Management**Activity: Payment and Return Processing**www.revenue.state.mn.us**AT A GLANCE**

In 2019, Payment and Return Processing:

- Processed 2.9 million individual income tax returns
- Sent over 2 million individual income tax refunds to Minnesotans
- Processed \$21.8 billion dollars in tax payments
- Opened and sorted 2.5 million pieces of mail
- Served businesses with 52,548 calls to Business Registration
- Sent over 3 million pieces of mail to Minnesotans to help them meet their tax obligations
- Audited 20 business tax type returns during the processing cycle

PURPOSE & CONTEXT

Payment and Return Processing serves individual and business taxpayers and other state agencies. These services include reviewing and processing paper and electronic returns, refunds, and payments submitted to the Department of Revenue. This activity also includes technology development, implementation and support for agency-wide technology needs.

SERVICES PROVIDED

Key Payment and Return Processing activities include:

- Keeping pace with changing technology and fraud schemes
- Providing safe, secure, and convenient ways for filing and paying
- Accurately reviewing and processing returns, payments, and refunds
- Checking returns to prevent fraudulent returns and refunds
- Processing payments and deposits in a timely manner
- Providing technology solutions that facilitate and support tax administration, security of taxpayer data, and continuous business improvements in taxpayer services

We leverage strategic investments in technology to meet the department's mission, vision, and strategies. Investments in the Integrated Tax System and security are key priorities.

The Tax Operations Division within the Payment and Return Processing activity serves all department employees and external customers by providing technology solutions that facilitate tax administration, provide for security of taxpayer data, and support continuous improvements in our taxpayer services.

Information technology (IT) functions are provided under a service agreement with Minnesota IT Services (MNIT). MNIT provides the department with hardware, software, and IT professionals to implement, run, and maintain the hardware and software needed to administer the tax code.

MNIT serves all Department of Revenue employees and external customers of the agency by providing technology solutions that facilitate tax administration, provide for security of taxpayer data, and support continuous business improvements in taxpayer services.

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|---------------------------------------|
| Quantity | Total returns processed (all tax types) | 6.44 million | 6.36 million | Previous is CY18, Current is CY19. |
| Quality | C-Corporation, Partnership, Fiduciary, and S Corporation electronic returns posted within 30 days | 100% | 97% | Previous is CY17, Current is CY19. |
| Quality | Printing/Folding/Inserting services completed within 1 day of receipt | 99% | 100% | Previous is CY17, Current is CY19. |
| Quality | Down time of the Integrated Tax Management System services to external customers (e-Services) | <1% | <1% | Previous is CY17, Current is CY19. |

M.S. 270C.03 establishes the Department of Revenue's legal authority.
www.revisor.mn.gov/statutes/?id=270C.03

Payment and Return Processing

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|---------------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 32,650 | 44,430 | 38,638 | 37,109 | 39,393 | 39,393 | 40,226 | 40,668 |
| 2360 - Health Care Access | 236 | 234 | 264 | 264 | 264 | 264 | 264 | 264 |
| 2710 - Highway Users Tax Distribution | 295 | 295 | 329 | 329 | 329 | 329 | 329 | 329 |
| 2800 - Environmental | | | 46 | 46 | 46 | 46 | 46 | 46 |
| Total | 33,181 | 44,959 | 39,277 | 37,748 | 40,032 | 40,032 | 40,865 | 41,307 |
| Biennial Change | | | | (1,115) | | 3,039 | | 5,147 |
| Biennial % Change | | | | (1) | | 4 | | 7 |
| Governor's Change from Base | | | | | | | | 2,108 |
| Governor's % Change from Base | | | | | | | | 3 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 12,899 | 13,995 | 14,611 | 15,195 | 16,061 | 16,061 | 16,429 | 16,771 |
| Operating Expenses | 20,196 | 30,580 | 24,594 | 22,553 | 23,971 | 23,971 | 24,436 | 24,536 |
| Capital Outlay-Real Property | 2 | 182 | 27 | | | | | |
| Other Financial Transaction | 84 | 201 | 46 | | | | | |
| Total | 33,181 | 44,959 | 39,277 | 37,748 | 40,032 | 40,032 | 40,865 | 41,307 |

Full-Time Equivalents

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 185.54 | 202.46 | 198.90 | 196.50 | 193.70 | 191.00 | 201.50 | 201.50 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

Payment and Return Processing

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 4,918 | | 1,071 | | | | |
| Direct Appropriation | 35,961 | 36,092 | 40,909 | 41,664 | 41,664 | 41,664 | 42,497 | 42,939 |
| Transfers In | 2,715 | 7,576 | | | 1,530 | 1,530 | 1,530 | 1,530 |
| Transfers Out | 1,200 | 4,156 | 1,200 | 5,626 | 3,801 | 3,801 | 3,801 | 3,801 |
| Balance Forward Out | 4,826 | | 1,071 | | | | | |
| Expenditures | 32,650 | 44,430 | 38,638 | 37,109 | 39,393 | 39,393 | 40,226 | 40,668 |
| Biennial Change in Expenditures | | | | (1,333) | | 3,039 | | 5,147 |
| Biennial % Change in Expenditures | | | | (2) | | 4 | | 7 |
| Governor's Change from Base | | | | | | | | 2,108 |
| Governor's % Change from Base | | | | | | | | 3 |
| Full-Time Equivalents | 185.54 | 202.46 | 198.90 | 196.50 | 193.70 | 191.00 | 201.50 | 201.50 |

2360 - Health Care Access

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Direct Appropriation | 103 | 103 | 264 | 264 | 264 | 264 | 264 | 264 |
| Transfers In | 184 | 182 | | | | | | |
| Transfers Out | 51 | 51 | | | | | | |
| Expenditures | 236 | 234 | 264 | 264 | 264 | 264 | 264 | 264 |
| Biennial Change in Expenditures | | | | 58 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 12 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

2710 - Highway Users Tax Distribution

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Direct Appropriation | 563 | 564 | 329 | 329 | 329 | 329 | 329 | 329 |
| Transfers In | 75 | 74 | | | | | | |
| Transfers Out | 343 | 343 | | | | | | |
| Expenditures | 295 | 295 | 329 | 329 | 329 | 329 | 329 | 329 |
| Biennial Change in Expenditures | | | | 68 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 12 | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

2800 - Environmental

Payment and Return Processing

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|--------|-----------|-----------|---------------|-----------|---------------------------|-----------|
| | FY18 | FY19 | | | FY22 | FY23 | FY22 | FY23 |
| Direct Appropriation | | | 46 | 46 | 46 | 46 | 46 | 46 |
| Expenditures | | | 46 | 46 | 46 | 46 | 46 | 46 |
| Biennial Change in Expenditures | | | | 92 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |

Program: Tax System Management**Activity: Administration of State Taxes**www.revenue.state.mn.us

AT A GLANCE

In 2019, within the Department of Revenue Tax Administration divisions:

- Income Tax and Withholding provided program and compliance oversight for the collection of \$12.4 billion in individual income taxes
- Corporate Tax provided program and compliance oversight for the collection of \$2.17 billion in various corporate taxes
- Special Taxes provided program and compliance oversight in the administration of more than 47 unique taxes and fees
- Criminal Investigations completed the investigation of 41 tax noncompliance cases
- Sales and Use Tax handled 52,000 phone calls, 12,100 emails, 3,400 web messages and 219 walk-in taxpayer requests
- Sales and Use Tax handled 161 Voluntary Disclosure Agreements for \$6.8 million
- Income Tax and Withholding handled 254,235 phone calls, 35,151 emails and 2,976 web messages and 1,469 walk-in taxpayer requests
- Special Taxes completed 2,646 outreach trainings, stamp sales transactions, and county visits
- Sales and Use Tax conducted 51 external and 13 virtual classes for customers and 61 internal classes for employees

PURPOSE AND CONTEXT

State Tax Administration provides information and services to our customers so they can understand their tax obligations, and the tax credits and benefits they are entitled to under law. It also includes enforcement efforts such as fraud prevention, audits, and investigations.

The Department of Revenue administers more than 40 state taxes including: individual income tax; sales and use tax; corporate franchise tax and other business income taxes; estate tax; motor fuels excise tax; alcoholic beverage taxes; cigarette tax and tobacco products tax; controlled substances tax; property tax, mortgage registry tax and deed transfer tax; lawful gambling taxes; insurance premium taxes; MinnesotaCare taxes; mining taxes; state property tax; air flight property tax; rural electric co-ops tax; and solid waste management tax.

State Tax Administration serves Minnesota individual and business taxpayers, tax professionals and preparers, local tax administrators, legislators and staff, nonprofit groups, governor and staff, and members of the news media – among others.

We also oversee local property tax administration and state aids, serving taxpayers, local administrators, and state policymakers. These activities promote equity and uniformity throughout the state's complex property tax system

SERVICES PROVIDED

Key tax administration activities include:

- Providing customers information, training, and services to understand how to receive refunds, tax credits, and benefits they qualify for, and to voluntarily comply with tax laws
- Keeping pace with changing technology and laws
- Responding to customer inquiries, in the format desired by the taxpayer (walk-in, call-in, and click-in)

- Protecting customer data
- Effectively using state resources to identify and audit noncompliant taxpayers (individual and business)
- Providing education, guidance, and assistance to county assessors, auditors, and treasurers
- Overseeing local property tax administration to promote compliance and uniformity
- Administering a range of local aid payments
- Collecting, analyzing, and providing data to stakeholders
- Supporting the Minnesota State Board of Assessors

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|-----------------|----------------|--------------------------------------|
| Quantity | Tax Administration incoming customer interactions (phone, mail, web, email, and walk-ins) | 461,700 | 753,881 | Previous is FY17, Current is FY19 |
| Quantity | Number of eCRVs processed (Electronic Certificate of Real Estate Value) | 139,979 | 138,053 | Previous is CY18, Current is CY19 |
| Quantity | Number of investigations completed | 49 | 41 | Previous is CY17, current is CY19 |
| Results | Number of criminal cases charged out by prosecutors | 22 | 34 | Previous is CY17, current is CY19 |
| Quality | Tax types that can file electronically | 85% | 86% | Previous is CY18, Current is CY19 |

M.S 270C.03 establishes the Department of Revenue's legal authority.
www.revisor.mn.gov/statutes/?id=270C.03

Administration of State Taxes

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY22 | FY23 | FY22 | FY23 |

Expenditures by Fund

| | | | | | | | | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | 57,162 | 60,611 | 62,327 | 63,181 | 66,827 | 66,827 | 69,040 | 70,632 |
| 2000 - Restrict Misc Special Revenue | 3,838 | 4,873 | 6,780 | 7,546 | 7,506 | 7,506 | 7,506 | 7,506 |
| 2360 - Health Care Access | 1,513 | 1,520 | 1,496 | 1,496 | 1,496 | 1,496 | 1,496 | 1,496 |
| 2710 - Highway Users Tax Distribution | 1,889 | 1,895 | 1,865 | 1,867 | 1,866 | 1,866 | 1,866 | 1,866 |
| 2800 - Environmental | 303 | 304 | 259 | 259 | 259 | 259 | 259 | 259 |
| Total | 64,706 | 69,203 | 72,727 | 74,349 | 77,954 | 77,954 | 80,167 | 81,759 |
| Biennial Change | | | | 13,167 | | 8,832 | | 14,850 |
| Biennial % Change | | | | 10 | | 6 | | 10 |
| Governor's Change from Base | | | | | | | | 6,018 |
| Governor's % Change from Base | | | | | | | | 4 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 59,500 | 63,654 | 67,217 | 68,907 | 71,413 | 71,413 | 73,216 | 74,808 |
| Operating Expenses | 4,784 | 4,863 | 4,929 | 4,781 | 5,880 | 5,880 | 5,890 | 5,890 |
| Grants, Aids and Subsidies | 400 | 411 | 597 | 600 | 600 | 600 | 1,000 | 1,000 |
| Capital Outlay-Real Property | (13) | | (52) | | | | | |
| Other Financial Transaction | 34 | 276 | 35 | 61 | 61 | 61 | 61 | 61 |
| Total | 64,706 | 69,203 | 72,727 | 74,349 | 77,954 | 77,954 | 80,167 | 81,759 |

Full-Time Equivalents

| | | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 701.24 | 736.30 | 740.64 | 759.73 | 748.43 | 737.13 | 761.71 | 761.71 |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|

Administration of State Taxes

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 1,921 | | 340 | | | | |
| Direct Appropriation | 61,506 | 61,626 | 62,417 | 63,807 | 63,557 | 63,557 | 65,770 | 67,362 |
| Transfers In | 277 | 575 | 1,550 | 10,299 | 3,270 | 3,270 | 3,270 | 3,270 |
| Transfers Out | 2,765 | 3,351 | 1,297 | 2,991 | | | | |
| Cancellations | | 160 | 3 | 8,274 | | | | |
| Balance Forward Out | 1,856 | | 340 | | | | | |
| Expenditures | 57,162 | 60,611 | 62,327 | 63,181 | 66,827 | 66,827 | 69,040 | 70,632 |
| Biennial Change in Expenditures | | | | 7,734 | | 8,146 | | 14,164 |
| Biennial % Change in Expenditures | | | | 7 | | 6 | | 11 |
| Governor's Change from Base | | | | | | | | 6,018 |
| Governor's % Change from Base | | | | | | | | 5 |
| Full-Time Equivalents | 634.52 | 646.12 | 646.88 | 655.25 | 643.95 | 632.65 | 657.23 | 657.23 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | | 6,145 | 6,924 | 6,248 | 5,446 | 4,684 | 5,446 | 4,684 |
| Receipts | 5,465 | 5,652 | 6,106 | 6,744 | 6,744 | 6,744 | 6,744 | 6,744 |
| Transfers In | 4,518 | | | | | | | |
| Balance Forward Out | 6,145 | 6,924 | 6,250 | 5,446 | 4,684 | 3,922 | 4,684 | 3,922 |
| Expenditures | 3,838 | 4,873 | 6,780 | 7,546 | 7,506 | 7,506 | 7,506 | 7,506 |
| Biennial Change in Expenditures | | | | 5,615 | | 686 | | 686 |
| Biennial % Change in Expenditures | | | | 64 | | 5 | | 5 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 28.72 | 56.77 | 61.38 | 66.18 | 66.18 | 66.18 | 66.18 | 66.18 |

2360 - Health Care Access

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Direct Appropriation | 1,407 | 1,412 | 1,496 | 1,496 | 1,496 | 1,496 | 1,496 | 1,496 |
| Transfers In | 106 | 108 | | | | | | |
| Balance Forward Out | | | 0 | | | | | |
| Expenditures | 1,513 | 1,520 | 1,496 | 1,496 | 1,496 | 1,496 | 1,496 | 1,496 |
| Biennial Change in Expenditures | | | | (41) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (1) | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |

Administration of State Taxes

Activity Financing by Fund

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|-------------------------------|----------------|----------------|----------------|------------------|---------------|-------|------------------------------|-------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 16.20 | 14.63 | 15.13 | 15.80 | 15.80 | 15.80 | 15.80 | 15.80 |

2710 - Highway Users Tax Distribution

| | | | | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Balance Forward In | 0 | 0 | | 1 | | | | |
| Direct Appropriation | 1,621 | 1,626 | 1,866 | 1,866 | 1,866 | 1,866 | 1,866 | 1,866 |
| Transfers In | 268 | 269 | | | | | | |
| Balance Forward Out | | | 1 | | | | | |
| Expenditures | 1,889 | 1,895 | 1,865 | 1,867 | 1,866 | 1,866 | 1,866 | 1,866 |
| Biennial Change in Expenditures | | | | (52) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (1) | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 18.58 | 15.55 | 15.05 | 19.80 | 19.80 | 19.80 | 19.80 | 19.80 |

2800 - Environmental

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Direct Appropriation | 303 | 304 | 259 | 259 | 259 | 259 | 259 | 259 |
| Balance Forward Out | | | 0 | | | | | |
| Expenditures | 303 | 304 | 259 | 259 | 259 | 259 | 259 | 259 |
| Biennial Change in Expenditures | | | | (89) | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | (15) | | 0 | | 0 |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 3.22 | 3.23 | 2.20 | 2.70 | 2.70 | 2.70 | 2.70 | 2.70 |

Program: Tax System Management**Activity: Appeals, Legal Services, and Tax Research**www.revenue.state.mn.us

AT A GLANCE

In 2019, Appeals, Legal Services, and Tax Research:

- Closed 1,139 administrative appeals, of which 2.1% were appealed to court
- Worked on 109 cases filed in small claims and Tax Court
- Published eight Revenue Notices
- Completed on-time revenue estimates for 100% of the bills heard in tax committees
- Responded to 59 Data Practices requests

PURPOSE & CONTEXT

The Appeals, Legal Services, and Tax Research Divisions provide tax policy development and tax administration support through legal and policy guidance to Department of Revenue employees and customers, and by providing information and analysis about Minnesota's tax system.

Appeals, Legal Services, and Tax Research serves individual and business taxpayers, tax administrators, the governor and staff, legislators and staff, state agencies, local governments, and nonprofit organizations.

SERVICES PROVIDED

Appeals and Legal Services Division

This division comprises the following units: Appeals; Legal Services; and Litigation, Disclosure and Records Management. See below for details.

Appeals

This unit provides an informal forum for the reconsideration of tax audits, refund denials, and penalties issued as tax orders by the department. Taxpayers who disagree with these orders may file an administrative appeal with the Department of Revenue or appeal to Minnesota Tax Court or District Court, depending on the type of order. Other key activities include:

- Providing feedback about appeal resolutions to the department's audit and collection divisions
- Working with the Attorney General's Office staff on cases that are litigated in court
- Handling small claims cases that are filed in Tax Court

Legal Services

This unit works closely with the Commissioner of Revenue, the Governor's Office, and the Legislature to develop state policy and clarify tax issues to ensure that the revenue system is fair, efficient, reliable, competitive, and understandable.

Legal Services attorneys serve as legal counsel to the Department of Revenue by providing legal and policy advice to department staff about tax matters and actively participating on division policy teams. Our attorneys:

- Draft tax-related legislation and testify before legislative committees about the legal aspects of each bill
- Draft and amend Minnesota Rules that interpret tax laws so they can be applied to everyday use
- Create Revenue Notices that advise taxpayers about the department's position regarding tax laws

The department's Rules and Revenue Notices are published in the State Register and posted on our website. Legal Services also provides training to department employees about tax law changes and other tax-related subjects. These activities support tax policy development and tax administration.

Litigation, Disclosure and Records Management

This unit manages the compliance activities associated with state and federal requirements related to tax returns and return information. Key activities include:

- Providing guidance on the retention of all department records
- Directing responses to data practices requests for department information
- Managing the department's small claims Tax Court cases and significant litigation by acting as liaison between the department and the Attorney General's Office

Tax Research Division

The Tax Research Division provides customers with information and analysis about Minnesota's tax system. Our researchers provide accurate, complete, and timely information to state policymakers, government officials, the media, and the public so recipients can make well-informed decisions. Key activities include:

- Providing policy guidance
- Estimating the impacts of proposed legislation
- Forecasting future state revenues
- Preparing studies and reports mandated by the Legislature
- Draft legislation regarding disclosure issues
- Liaise between the department and the Internal Revenue Service on Federal Tax Information (FTI) and Social Security Administration (SSA) compliance

Tax Research creates and maintains databases of tax data and complex models for analyzing the tax system. Our key products include the Tax Incidence Study, Tax Expenditure Budget, Tax Handbook, and annual tax statistics for the department's website.

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|-------------------------------|--|------------------------|-----------------------|---|
| Quality | Percentage of customers who resolved their appeal with the department without appealing to Tax Court | 96.8% | 97.9% | Previous is FY17, current is FY19 |
| Quantity | Revenue Notices published | 12 | 8 | Previous is FY18, current is FY19 |
| Quantity | Revenue Analyses prepared | 710 | 585 | Previous is FY2017-18, current is FY2019-20 |
| Quantity | Data Practices requests | 45 | 59 | Previous is FY17, Current is FY19 |

M.S 270C.03 establishes the Department of Revenue's legal authority.
(www.revisor.mn.gov/statutes/?id=270C.03)

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY22 | FY23 | FY22 | FY23 |

Expenditures by Fund

| | | | | | | | | |
|-------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| 1000 - General | 8,685 | 8,726 | 9,460 | 9,873 | 10,319 | 10,319 | 10,512 | 10,691 |
| Total | 8,685 | 8,726 | 9,460 | 9,873 | 10,319 | 10,319 | 10,512 | 10,691 |
| Biennial Change | | | | 1,923 | | 1,305 | | 1,870 |
| Biennial % Change | | | | 11 | | 7 | | 10 |
| Governor's Change from Base | | | | | | | | 565 |
| Governor's % Change from Base | | | | | | | | 3 |

Expenditures by Category

| | | | | | | | | |
|-----------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|
| Compensation | 6,902 | 6,957 | 8,146 | 8,331 | 8,429 | 8,429 | 8,622 | 8,801 |
| Operating Expenses | 1,782 | 1,655 | 1,308 | 1,542 | 1,890 | 1,890 | 1,890 | 1,890 |
| Other Financial Transaction | 1 | 114 | 6 | | | | | |
| Total | 8,685 | 8,726 | 9,460 | 9,873 | 10,319 | 10,319 | 10,512 | 10,691 |

Full-Time Equivalents

| | | | | | | | |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 66.57 | 71.13 | 79.07 | 80.30 | 79.10 | 78.00 | 80.62 | 80.62 |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------------------|---------------|
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 569 | | 322 | | | | |
| Direct Appropriation | 7,551 | 7,293 | 10,132 | 10,319 | 10,319 | 10,319 | 10,512 | 10,691 |
| Transfers In | 1,700 | 2,398 | | | | | | |
| Transfers Out | | 1,235 | 350 | 768 | | | | |
| Cancellations | | 300 | | | | | | |
| Balance Forward Out | 566 | | 322 | | | | | |
| Expenditures | 8,685 | 8,726 | 9,460 | 9,873 | 10,319 | 10,319 | 10,512 | 10,691 |
| Biennial Change in Expenditures | | | | 1,923 | | 1,305 | | 1,870 |
| Biennial % Change in Expenditures | | | | 11 | | 7 | | 10 |
| Governor's Change from Base | | | | | | | | 565 |
| Governor's % Change from Base | | | | | | | | 3 |
| Full-Time Equivalents | 66.57 | 71.13 | 79.07 | 80.30 | 79.10 | 78.00 | 80.62 | 80.62 |

2360 - Health Care Access

| | | | | | | | | |
|----------------------|-----|-----|--|--|--|--|--|--|
| Direct Appropriation | 113 | 113 | | | | | | |
| Transfers Out | 113 | 113 | | | | | | |

Program: Tax System Management**Activity: Agency-wide Operations and Oversight**www.revenue.state.mn.us**AT A GLANCE**

In 2019, Operations and Oversight divisions:

- Partnered with agency leaders to fill 227 positions
- Continued to implement an agency-wide diversity and inclusion strategic plan to achieve three major goals, including to increase employee engagement across the organization, and to recruit, hire and train a diverse workforce.
- Managed 11 locations throughout the state and ensured physical security standards are maintained
- Delivered 66 development courses to 876 learners in FY 2019
- Facilitated an agency-wide budget workgroup process to manage and administer agency budget of approximately \$175 million
- Published 49 press releases and responded to over 170 press inquiries
- Created and maintained over 85 individual and business tax forms
- Facilitated 20 agency-wide projects and provided data and other support
- Identified through a survey that 79% of department employees believe the agency's culture supports continuous improvement to our work and services

PURPOSE AND CONTEXT

Operations and Oversight provides the overall strategic and day-to-day functions required to administer programs across the Department of Revenue. Activities include agency leadership, strategic planning and oversight, workforce recruitment, development, training and retention, internal and external communication with employees and customers, financial and program oversight and accountability, agency planning, and program and financial evaluation and development.

We serve all department employees, individual and business taxpayers, tax administrators, the governor and staff, legislators and staff, state agencies, local governments, and nonprofit organizations.

Operations and Oversight helps the Department of Revenue accomplish its goals through the following strategies:

- Promote the mission and values of the department through executive leadership, policy development, strategic planning, and internal and external communications.
- Provide statutorily required services and guidance in the areas of finance, human resources administration, and employee development.
- Use best and current practices to manage information technology, planning and performance, and diversity and inclusion activities.
- Hire and maintain a high-quality and diverse workforce.
- Safeguard the state's assets and comply with federal and state regulations and agency policies through compliance with established procedures and internal controls.

SERVICES PROVIDED

Operations and Oversight provides a wide range of services including budget management, financial transactions, financial reporting and analysis, procurement and inventory management, internal audit, asset and property management, recruitment and selection, job classification, salary and benefit administration, labor contract administration, employee training and internal and external communications.

We work closely with MNIT Revenue and other stakeholders to ensure continuous operation and accessibility to technology systems. Our planning and performance unit conducts research and evaluation projects, prepares legislative and other reports, and manages continuous improvement activities. We also develop and update business continuity and risk management plans.

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|---|---------------------------------------|---------------------------------------|--------------------------------------|
| Quantity | Website visits (yearly) | 2.9 million | 3.1 million | Previous is CY18, Current is CY19 |
| Quantity | Social media followers (Facebook and Twitter) | 5,750 | 6,495 | Previous is CY18, Current is CY19 |
| Quantity | Email subscription lists and number of subscribers | 217 lists with 328,200 subscribers | 186 lists with 445,570 subscribers | Previous is CY18, Current is CY19 |
| Quantity | Agency-wide business improvement projects | 30 | 20 | Previous is CY17, Current is CY19 |
| Quantity | Fiscal note requests received | 22 | 55 | Previous is FY17, Current is FY19 |
| Quality | Number of adverse Department of Revenue Comprehensive Annual Financial Report (CAFR) audit findings | 0 | 0 | Previous is FY18, Current is FY19 |
| Results | Employee turnover rate | 4.65% | 4.58% | Previous is FY17, Current is FY19 |

M.S 270C.03 establishes the Department of Revenue's legal authority.
(www.revisor.mn.gov/statutes/?id=270C.03)

Agency-wide Operations and Oversight

Activity Expenditure Overview

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|--------------------------------------|----------------|----------------|----------------|------------------|---------------|---------------|------------------------------|---------------|
| | | | | | FY22 | FY23 | FY22 | FY23 |
| <u>Expenditures by Fund</u> | | | | | | | | |
| 1000 - General | 15,368 | 17,669 | 21,463 | 22,453 | 20,445 | 20,445 | 25,454 | 23,107 |
| 2000 - Restrict Misc Special Revenue | 262 | 22 | 156 | 211 | 121 | 111 | 121 | 111 |
| Total | 15,630 | 17,691 | 21,619 | 22,664 | 20,566 | 20,556 | 25,575 | 23,218 |
| Biennial Change | | | | 10,961 | | (3,161) | | 4,510 |
| Biennial % Change | | | | 33 | | (7) | | 10 |
| Governor's Change from Base | | | | | | | | 7,671 |
| Governor's % Change from Base | | | | | | | | 19 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 9,337 | 10,782 | 12,941 | 13,050 | 11,246 | 11,246 | 14,612 | 13,519 |
| Operating Expenses | 6,227 | 6,358 | 8,677 | 9,612 | 9,318 | 9,308 | 10,961 | 9,697 |
| Capital Outlay-Real Property | | (14) | (24) | | | | | |
| Other Financial Transaction | 66 | 565 | 25 | 2 | 2 | 2 | 2 | 2 |
| Total | 15,630 | 17,691 | 21,619 | 22,664 | 20,566 | 20,556 | 25,575 | 23,218 |

Full-Time Equivalents

| | | | | | | | |
|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|
| 107.74 | 105.31 | 130.12 | 100.40 | 98.90 | 97.40 | 129.51 | 115.19 |
|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|

Agency-wide Operations and Oversight

Activity Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------|---------------|
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 1,207 | | 954 | | | | |
| Direct Appropriation | 12,599 | 12,664 | 21,165 | 21,500 | 21,500 | 21,500 | 26,509 | 24,162 |
| Transfers In | 4,000 | 5,157 | 2,597 | 2,002 | 2,001 | 2,001 | 2,001 | 2,001 |
| Transfers Out | 89 | 1,359 | 1,345 | 2,003 | 3,056 | 3,056 | 3,056 | 3,056 |
| Cancellations | | 0 | | | | | | |
| Balance Forward Out | 1,142 | | 954 | | | | | |
| Expenditures | 15,368 | 17,669 | 21,463 | 22,453 | 20,445 | 20,445 | 25,454 | 23,107 |
| Biennial Change in Expenditures | | | | 10,879 | | (3,026) | | 4,645 |
| Biennial % Change in Expenditures | | | | 33 | | (7) | | 11 |
| Governor's Change from Base | | | | | | | | 7,671 |
| Governor's % Change from Base | | | | | | | | 19 |
| Full-Time Equivalents | 104.89 | 105.11 | 130.12 | 98.40 | 97.90 | 96.40 | 128.51 | 114.19 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|-----------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | | 324 | 455 | 462 | 314 | 256 | 314 | 256 |
| Receipts | 192 | 154 | 163 | 63 | 63 | 63 | 63 | 63 |
| Transfers In | 394 | | | | | | | |
| Balance Forward Out | 324 | 455 | 462 | 314 | 256 | 208 | 256 | 208 |
| Expenditures | 262 | 22 | 156 | 211 | 121 | 111 | 121 | 111 |
| Biennial Change in Expenditures | | | | 82 | | (135) | | (135) |
| Biennial % Change in Expenditures | | | | 29 | | (37) | | (37) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 2.85 | 0.20 | | 2.00 | 1.00 | 1.00 | 1.00 | 1.00 |

2360 - Health Care Access

| | | | | | | | | |
|----------------------|-----|-----|--|--|--|--|--|--|
| Direct Appropriation | 126 | 126 | | | | | | |
| Transfers Out | 126 | 126 | | | | | | |

Program: Debt Collection Managementwww.revenue.state.mn.us**AT A GLANCE**

In 2019, the Minnesota Department of Revenue:

- Collected over \$369 million owed to Minnesota governments
- Resolved 196,000 tax debts and 198,000 other agency debts
- Answered over 290,000 incoming phone calls from customers
- Assisted more than 1,600 walk-in customers
- Responded to more than 2,400 web messages and 25,000 emails from customers
- Responded to more than 10,000 letters from customers

PURPOSE & CONTEXT

The Department of Revenue's Debt Collection Management program collects past-due tax debts and debts owed to other state agencies in Minnesota. We facilitate all aspects of debt collection, making it more efficient for government as a whole by centralizing the work instead of duplicating it in each agency.

This centralized approach also makes it easier for a debtor, who may owe debt to multiple agencies, by providing a one-stop resolution center to settle their state government debts. We help people who owe understand their obligations and work to set up payment plans when appropriate.

The Department of Revenue started collecting non-tax debts for other state agencies in 1995, when legislation centralized debt collection services. In 2008, new legislation allowed local governments to refer their debts to us. We now collect 171 types of fees, fines, taxes, and payments for a range of public agencies.

SERVICES PROVIDED**Helping Customers**

A large part of the department's role is helping customers understand their obligation and working to get – and keep – them in compliance. To do that, we provide education and outreach to customers through:

- Training events
- Outreach events
- Videos
- Website content
- Phone calls
- Emails
- Letters
- In-person customer contact

Collection Process

When a debt is not paid to Minnesota, a state agency, or a local jurisdiction, that debt is referred to the Department of Revenue. The collection process begins the same way for all debtors. We send the customer a notice with details on the debt, their rights, and how they can resolve the debt.

Many customers work with us at this point to resolve their debt by making a full payment or by setting up a payment plan. If the customer fails to respond to the written notice, we take actions to collect the debt. Each case

is different, and these collection actions may vary based on many factors. Depending on the circumstances, we may:

- Levy wages or financial accounts
- File liens against property
- Offset (take) tax or other refunds
- Hold owners or corporate officers personally liable for business debts
- Revoke professional or business licenses
- Seize business or personal property

We ensure that everyone reports, pays, and receives the right amount by:

- Sending letters, processing payments and returns, registering customers in the system, making financial adjustments, and handling and distributing incoming correspondence
- Reconciling accounts and issuing payments to banks, the general fund, and other agencies
- Issuing legal opinions, providing representation on legal matters, resolving internal and tax court appeals and administrative hearings
- Programming the technical systems needed to track and process debts
- Protecting customer data
- Communicating and reaching out to the public through direct and digital communication and in the news media

RESULTS

| <i>Type of Measure</i> | <i>Name of Measure</i> | <i>Previous</i> | <i>Current</i> | <i>Dates</i> |
|------------------------|-------------------------------------|-----------------|----------------|--------------------------------------|
| Quantity | Tax Debt Revenue Collected | \$294 million | \$304 million | Previous is FY18, Current is FY19 |
| Quantity | Other Agency Debt Revenue Collected | \$47 million | \$49 million | Previous is FY18, Current is FY19 |

Legal Citation: M.S. 16D.08 establishes the Department of Revenue's Collection Duties and Powers.
(www.revisor.mn.gov/statutes/?id=16D.08)

Debt Collection Management

Program Expenditure Overview

(Dollars in Thousands)

| | Actual FY18 | Actual FY19 | Actual FY20 | Estimate FY21 | Forecast Base | | Governor's Recommendation | |
|--|----------------|----------------|----------------|------------------|---------------|------|------------------------------|------|
| | | | | | FY22 | FY23 | FY22 | FY23 |

Expenditures by Fund

| | | | | | | | | |
|--------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 1000 - General | 29,418 | 29,938 | 29,163 | 29,350 | 30,302 | 30,302 | 30,859 | 31,376 |
| 2000 - Restrict Misc Special Revenue | 814 | 699 | 900 | 900 | 900 | 900 | 900 | 900 |
| Total | 30,232 | 30,638 | 30,063 | 30,250 | 31,202 | 31,202 | 31,759 | 32,276 |
| Biennial Change | | | | (556) | | 2,091 | | 3,722 |
| Biennial % Change | | | | (1) | | 3 | | 6 |
| Governor's Change from Base | | | | | | | | 1,631 |
| Governor's % Change from Base | | | | | | | | 3 |

Expenditures by Activity

| | | | | | | | | |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt Collection | 30,232 | 30,638 | 30,063 | 30,250 | 31,202 | 31,202 | 31,759 | 32,276 |
| Total | 30,232 | 30,638 | 30,063 | 30,250 | 31,202 | 31,202 | 31,759 | 32,276 |

Expenditures by Category

| | | | | | | | | |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Compensation | 25,987 | 26,062 | 27,047 | 27,297 | 27,850 | 27,850 | 28,407 | 28,924 |
| Operating Expenses | 4,220 | 4,017 | 3,015 | 2,953 | 3,352 | 3,352 | 3,352 | 3,352 |
| Capital Outlay-Real Property | | | (10) | | | | | |
| Other Financial Transaction | 24 | 559 | 11 | | | | | |
| Total | 30,232 | 30,638 | 30,063 | 30,250 | 31,202 | 31,202 | 31,759 | 32,276 |

Full-Time Equivalents

| | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|
| | 330.92 | 326.25 | 330.02 | 323.70 | 318.80 | 313.90 | 322.70 | 322.70 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|

Debt Collection Management

Program Financing by Fund

(Dollars in Thousands)

| | Actual | Actual | Actual | Estimate | Forecast Base | | Governor's Recommendation | |
|-----------------------------------|--------|--------|--------|----------|---------------|--------|---------------------------|--------|
| | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY22 | FY23 |
| 1000 - General | | | | | | | | |
| Balance Forward In | | 841 | | 17 | | | | |
| Direct Appropriation | 28,575 | 28,616 | 28,786 | 29,316 | 29,316 | 29,316 | 29,873 | 30,390 |
| Open Appropriation | 624 | 411 | 405 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| Transfers In | 1,000 | 230 | | | | | | |
| Transfers Out | 22 | 159 | 11 | 983 | 14 | 14 | 14 | 14 |
| Balance Forward Out | 760 | | 17 | | | | | |
| Expenditures | 29,418 | 29,938 | 29,163 | 29,350 | 30,302 | 30,302 | 30,859 | 31,376 |
| Biennial Change in Expenditures | | | | (843) | | 2,091 | | 3,722 |
| Biennial % Change in Expenditures | | | | (1) | | 4 | | 6 |
| Governor's Change from Base | | | | | | | | 1,631 |
| Governor's % Change from Base | | | | | | | | 3 |
| Full-Time Equivalents | 323.49 | 318.60 | 321.96 | 314.70 | 309.80 | 304.90 | 313.70 | 313.70 |

2000 - Restrict Misc Special Revenue

| | | | | | | | | |
|-----------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Balance Forward In | 1,415 | 1,299 | 1,338 | 1,156 | 1,061 | 961 | 1,061 | 961 |
| Receipts | 860 | 738 | 719 | 805 | 800 | 800 | 800 | 800 |
| Transfers In | 1,253 | 0 | | | | | | |
| Transfers Out | 1,415 | 0 | | | | | | |
| Balance Forward Out | 1,299 | 1,338 | 1,156 | 1,061 | 961 | 861 | 961 | 861 |
| Expenditures | 814 | 699 | 900 | 900 | 900 | 900 | 900 | 900 |
| Biennial Change in Expenditures | | | | 287 | | 0 | | 0 |
| Biennial % Change in Expenditures | | | | 19 | | (0) | | (0) |
| Governor's Change from Base | | | | | | | | 0 |
| Governor's % Change from Base | | | | | | | | 0 |
| Full-Time Equivalents | 7.43 | 7.65 | 8.06 | 9.00 | 9.00 | 9.00 | 9.00 | 9.00 |