



State of Alaska Department of Revenue – Tax Division

**FY16 Governor's Amended Budget
Presentation to House Finance Revenue Subcommittee
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Tax Division

What we do:

The official mission of the Tax Division is to collect taxes, inform stakeholders, and regulate charitable gaming.

In practical terms, this also means we regulate, administer and audit Alaska's various taxes, and we forecast and report revenues.

The Tax Division also provides substantial analytical backup in response to questions from Legislators and other agencies.

Tax Division

One major highlight of the last year is the continuing implementation of the Tax Revenue Management System

- TRMS project was funded by a FY12 capital appropriation of \$34.7 million. TRMS will replace over 15 individual proprietary software systems that we have developed and maintained over many years
- Phase 2 of the TRMS rolled out in January of this year for the Oil and Gas Production Tax. Nearly \$20 billion in prior years' tax payments were uploaded to the new system without incident
- Phase 3 with remaining taxes will be completed in FY16, with another year of support service built into the current contract

Tax Division Staff

- Two offices in Juneau (SOB 11th Floor) and Anchorage (Atwood Building 5th Floor)
- **125 Full Time Permanent Employees in FY15 Budget**
 - 76 in Anchorage, including most of the management and audit staff for the oil and gas, corporate, property, and excise groups
 - 49 in Juneau, providing much of the support staff to the direct tax groups as well as the bulk of the fish and gaming tax groups
- 47 Tax Auditors
- 37 Other Professional staff (largely economists, programmers, managers, and appeals officers)
- 41 Paraprofessional and Technical staff (tax techs, administrative, and other)

Tax Division Working Sections

Division is organized by tax type and by function

- **Tax Types.** Each group is a mix of auditors and technicians, plus a supervisor
 - Oil and Gas Production Tax- 22 staff
 - Corporate Income- 17 staff
 - Excise (8 different taxes)- 13 staff
 - Fish Tax- 7 staff
 - Charitable Gaming- 6 staff
 - Petroleum Property Tax- 3 staff
 - Film Tax Credit- 3 staff
- 71 total (53 Anchorage, 18 Juneau)**

Tax Division Working Sections (contd.)

Division is organized by tax type and by function

➤ **Support Functions**

- Management and Administration- 9 staff
- Economic Research & Commercial Analysis- 11 staff
- Appeals- 6 staff
- Regulations and Special Projects- 6 staff
- Information Technology- 8 staff
- Accounting & Collections- 7 staff
- Imaging & Data Management- 7 staff

54 total (23 Anchorage, 31 Juneau)

Tax Division Budget

Approved FY15 Conf Committee Budget \$16,745.2

Additional \$1,277.9 added by fiscal note

Total FY15 Mgt Plan \$18,023.1

- 86% is Personnel Costs
- 1.5% is Travel
- 12% is Commodities with over 80% of this interagency (duplicated) services
- 0.5% is Services

91% of budget is funded by the General Fund

Changes in FY16 Gov Amend Budget

FY16 Governor's Amended \$16,164.0

10.3% Decrease from FY15 Mgt Plan

- 88% is Personnel Costs
- 1.5% is Travel
- 10% is Commodities
- 0.5% is Services

90% of budget is funded by the General Fund

Major Changes from FY15 to FY16

- Elimination of Film Tax Credit office
- Deletion of 12 Full Time PCN's
 - 2 were created by fiscal note but had never been filled
 - 6 currently vacant positions throughout the division
 - 4 incumbent employees
 - 1 commercial analyst who will transition to AKLNG
 - 3 staff for the Film Tax Credit office

Major Changes from FY15 to FY16 (contd.)

- Re-absorb 5 employees from Criminal Investigations Unit
 - These employees currently operate as an independent agency within the Department of Revenue, serving multiple divisions
 - This is an internal change that will produce some savings in interagency receipts but not substantially change the core mission or supervision of the CIU group

Major Changes from FY15 to FY16 (contd.)

- Expanded role for Excise Audit group
 - Will take over remaining (and possible sunseting) functions of the Film Tax Credit group
 - Will add a 9th distinct tax type for marijuana

➤ Net Staffing Levels in FY16 budget:

FY15 F/T PCN's	125
Added by FY15 fiscal note	+2
Deleted in FY16 budget	-12
<u>Transfer of CIU positions</u>	<u>+5</u>
Net FY16 F/T PCN's	120

THANK YOU

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