Department of Revenue

Staff Presentation
FY 2013 Revised, FY 2014 Recommended and Capital Budgets
March 26, 2013
## Summary by Program

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2013 Enacted</th>
<th>FY 2013 Revised</th>
<th>FY 2014 Rec.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director’s Office</td>
<td>$0.8</td>
<td>$1.0</td>
<td>$1.2</td>
</tr>
<tr>
<td>Revenue Analysis</td>
<td>0.5</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Lottery</td>
<td>232.7</td>
<td>238.2</td>
<td>245.4</td>
</tr>
<tr>
<td>Municipal Finance</td>
<td>2.6</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>Taxation</td>
<td>21.1</td>
<td>20.9</td>
<td>21.2</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>19.7</td>
<td>20.1</td>
<td>20.7</td>
</tr>
<tr>
<td>State Aid</td>
<td>56.0</td>
<td>61.1</td>
<td>69.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$333.5</strong></td>
<td><strong>$344.1</strong></td>
<td><strong>$361.4</strong></td>
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</tbody>
</table>
## Change to Enacted by Program

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Revised</th>
<th>FY 2014 Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(in millions)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Director’s Office</td>
<td>$0.2</td>
<td>$0.4</td>
</tr>
<tr>
<td>Revenue Analysis</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td>Lottery</td>
<td>5.4</td>
<td>12.7</td>
</tr>
<tr>
<td>Municipal Finance</td>
<td>(0.2)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Taxation</td>
<td>(0.2)</td>
<td>0.1</td>
</tr>
<tr>
<td>Motor Vehicles</td>
<td>0.4</td>
<td>1.0</td>
</tr>
<tr>
<td>State Aid</td>
<td>5.1</td>
<td>13.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$10.6</td>
<td>$27.9</td>
</tr>
</tbody>
</table>
Target Proposal

- Budget Office provided a general revenue target of $102.6 million
  - Current service adjustments of $10.2 million
  - 7% reduction of $3.0 million

- Department met target by proposing:
  - Reduction of 17.0 tax administrators in Division of Taxation
  - Reduction in actuarial and legal services for Distressed Communities
  - Other initiatives in Divisions of Taxation and Motor Vehicles
## Target Proposal

<table>
<thead>
<tr>
<th>Change to Current Services</th>
<th>Request</th>
<th>Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Simulation Model</td>
<td>($30,000)</td>
<td>($30,000)</td>
</tr>
<tr>
<td>Actuarial and Legal</td>
<td>(193,000)</td>
<td>-</td>
</tr>
<tr>
<td>Staffing Reduction</td>
<td>(1,242,149)</td>
<td>-</td>
</tr>
<tr>
<td>Validation Stickers</td>
<td>(280,500)</td>
<td>(280,500)</td>
</tr>
<tr>
<td>Accident Reporting</td>
<td>(11,500)</td>
<td>(11,500)</td>
</tr>
<tr>
<td>Drivers' Manuals</td>
<td>(15,000)</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Capitol Police Detail</td>
<td>(22,000)</td>
<td>-</td>
</tr>
<tr>
<td>All Other Operations</td>
<td>(12,608)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>($1,806,757)</strong></td>
<td><strong>($337,000)</strong></td>
</tr>
</tbody>
</table>
FY 2014 Sources of Funding

Other Funds 70.2%
General Revenues 28.5%
Restricted Receipts 0.6%
Federal Funds 0.8%
FY 2014 Funding by Category

- Operating: 67.0%
- Salaries and Benefits: 12.2%
- Contracted Services: 0.8%
- Operating Transfers: 0.4%
- Local Aid: 19.4%
- Capital Purchases: 0.3%
- Assistance and Grants: 0.0%
Formation of Department

- Created by 2006 Assembly, centralizing various divisions that deal with revenues

- Transferred from Dept. of Administration
  - State Lottery
  - Division of Municipal Finance
  - Taxation
  - Registry of Motor Vehicles
  - State Aid (transferred by 2011 Assembly)
### Salaries and Benefits

#### Full-Time Equivalent Positions

<table>
<thead>
<tr>
<th></th>
<th>FTEs</th>
<th>Chg. To Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enacted Authorized</td>
<td>458.0</td>
<td>-</td>
</tr>
<tr>
<td>FY 2014 Request</td>
<td>495.0</td>
<td>37.0</td>
</tr>
<tr>
<td>FY 2014 Governor</td>
<td>492.0</td>
<td>34.0</td>
</tr>
<tr>
<td>FY 2012 Average Filled</td>
<td>411.8</td>
<td>(46.2)</td>
</tr>
<tr>
<td>Filled as of March 9</td>
<td>426.1</td>
<td>(31.9)</td>
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</table>
## FY 2013 and FY 2014 Salaries and Benefits

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2013 Enacted</th>
<th>FY 2013 Rev.</th>
<th>Chg. to Enacted</th>
<th>FY 2014 Gov.</th>
<th>Chg. to Enacted</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Revenue</td>
<td>$31.6</td>
<td>$31.3</td>
<td>$(0.3)</td>
<td>$32.7</td>
<td>$1.1</td>
</tr>
<tr>
<td>Federal Funds</td>
<td>1.2</td>
<td>1.2</td>
<td>-</td>
<td>1.2</td>
<td>-</td>
</tr>
<tr>
<td>Restricted Receipts</td>
<td>0.8</td>
<td>0.8</td>
<td>-</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td>Other Funds</td>
<td>6.4</td>
<td>7.3</td>
<td>0.9</td>
<td>9.5</td>
<td>3.1</td>
</tr>
<tr>
<td><strong>All Sources</strong></td>
<td><strong>$40.1</strong></td>
<td><strong>$40.7</strong></td>
<td><strong>$0.6</strong></td>
<td><strong>$44.2</strong></td>
<td><strong>$4.1</strong></td>
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</table>
## Salaries and Benefits by Program

<table>
<thead>
<tr>
<th>Change to Enacted (in millions)</th>
<th>FY 2013 Revised</th>
<th>FY 2014 Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director’s Office</td>
<td>$0.2</td>
<td>$0.4</td>
</tr>
<tr>
<td>Revenue Analysis</td>
<td>(0.1)</td>
<td>-</td>
</tr>
<tr>
<td>Lottery</td>
<td>1.0</td>
<td>3.2</td>
</tr>
<tr>
<td>Municipal Finance</td>
<td>-</td>
<td>0.1</td>
</tr>
<tr>
<td>Taxation</td>
<td>(0.2)</td>
<td>0.3</td>
</tr>
<tr>
<td>DMV</td>
<td>(0.3)</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>$0.6</td>
<td>$4.1</td>
</tr>
</tbody>
</table>
Office of the Director

- Oversees overall operation of the Department
- Governor adds $0.2 million for FY 2013
- Recommends 8.0 positions, 2.0 more than enacted for the Office but within total departmental authorization
  - Chief of Strategic Planning and Monitoring
  - Internal Auditor
  - As of March 9, 2013, 6.6 positions filled
### Office of the Director

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 Chief of Strategic Planning</td>
<td>$169,527</td>
<td>$169,527</td>
<td>$-</td>
</tr>
<tr>
<td>1.0 Internal Auditor</td>
<td>104,402</td>
<td>104,402</td>
<td>-</td>
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<tr>
<td>CFO (Partial Funds Requested)</td>
<td>76,623</td>
<td>122,588</td>
<td>45,965</td>
</tr>
<tr>
<td>All Other Operations</td>
<td>49,080</td>
<td>42,942</td>
<td>(6,138)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$399,632</td>
<td>$439,459</td>
<td>$39,827</td>
</tr>
</tbody>
</table>
Governor recommends $1.2 million for FY 2014

- $0.4 million more than enacted
- $39,827 above request
- Recommendation includes funding for:
  - Chief of Strategic Planning and Monitoring
  - Internal Auditor
  - Chief Financial Officer and 1.0 new full-time equivalent position
Office of Revenue Analysis

- Responsible for:
  - Analyzing, evaluating and appraising the state’s tax system
  - Preparing the tax expenditures report
  - Preparing cost benefit analysis of all tax expenditures

- 4.0 positions – enacted level
  - No vacancies as of March 9, 2013
Office of Revenue Analysis

- Governor’s FY 2013 revised budget is $54,420 less than enacted, turnover savings
- He recommends $0.5 million for FY 2014
  - $9,564 less than enacted
  - Removes $30,000 for Sales Tax Model Simulation
    - Reflects biennial update of tax model
Lottery Division

- Transferred from Dept. of Administration

- Created under the General Laws in 1974
- To operate lottery games: on-line games, Keno, instant games, Powerball tickets
- Collects all revenues and remits prize funds
- July 2005 made a division in Administration
- July 1, 2006 transferred to Dept. of Revenue
Lottery Division

- Governor recommends $238.2 million and 84.0 positions for FY 2013
- Includes 31.0 new positions for table gaming regulation
  - Lottery funds are classified as “other funds”
  - $5.4 million more than enacted
  - $3.5 million of that is for payment of commissions
  - As of March 9, 51.0 positions were filled
# Lottery Division

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2013 Enacted</th>
<th>FY 2013 Revised</th>
<th>FY 2014 Rec.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission Payments</td>
<td>$219.1</td>
<td>$222.5</td>
<td>$227.3</td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>5.5</td>
<td>6.4</td>
<td>8.6</td>
</tr>
<tr>
<td>Print Advertising</td>
<td>6.4</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Capital Purchases</td>
<td>0.1</td>
<td>0.5</td>
<td>0.1</td>
</tr>
<tr>
<td>All Other Operations</td>
<td>1.7</td>
<td>2.3</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$232.7</strong></td>
<td><strong>$238.2</strong></td>
<td><strong>$245.5</strong></td>
</tr>
</tbody>
</table>
Lottery - Table Gaming Regulation

- Scheduled to begin July 1, 2013
- 31.0 new positions added for FY 2013 and FY 2014
  - $1.0 million for FY 2013
    - Director of Casino Operations and Legal Counsel positions recently filled
    - Target hiring date assumed for other positions: February 2013
  - $3.0 million for FY 2014
Lottery - Table Gaming Regulation

➢ Other Staffing:
  ❖ 8.0 Detectives through State Police
    ✔ $0.4 million for FY 2013
    ✔ $1.2 million for FY 2014

➢ Other Expenses
  ❖ Equipment and Training
    ✔ $0.2 million for FY 2013
    ✔ $0.1 million for FY 2014
Division of Municipal Finance

- Transferred from Dept. of Administration

- Formerly the Office of Municipal Affairs
- Provides technical support to municipalities
- Distributes state aid
- Determines community’s wealth for use in school aid formulas
- Administers the property revaluation program
### Division of Municipal Finance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>H R Coordinator</td>
<td>$122,527</td>
<td>$122,257</td>
<td>$-</td>
</tr>
<tr>
<td>Actuarial and Legal Services</td>
<td>(300,000)</td>
<td>(300,000)</td>
<td>-</td>
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<tr>
<td>Other Salaries and Benefits</td>
<td>141,629</td>
<td>(2,288)</td>
<td>(143,917)</td>
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<tr>
<td>Other Operations</td>
<td>(3,000)</td>
<td>(33,576)</td>
<td>(30,576)</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$(39,114)</strong></td>
<td><strong>$(213,607)</strong></td>
<td><strong>$(174,493)</strong></td>
</tr>
</tbody>
</table>
Division of Municipal Finance

➢ For FY 2013: Governor recommends $2.4 million and 16.0 full-time positions

   ❖ As of March 9, 14.0 positions filled

   ❖ $189,646 less from general revenues than enacted:
      ✓ $160,000 less for actuarial and legal services
      ✓ $25,576 less for computer expenses
      ✓ $4,070 less for all other operating expenses and salaries and benefits
Division of Municipal Finance

- For FY 2014: Governor recommends $2.4 million and 17.0 full-time positions
  - $0.3 million less for actuarial and legal services
  - Removes funding for Central Falls oversight
  - $122,257 for new Human Resources Coordinator
    - For coordination of staffing in financially distressed cities and towns
Division of Taxation

- Transferred from Dept. of Administration
  - Tax Processing Unit – performs activities relating to receipt of cash payments; processes tax returns
  - Office of Assessment & Review – assesses and collects taxes; holds administrative hearings
  - Field Audit – audits business corporations and individuals
  - Tax Compliance and Collection – enforces actions to collect overdue taxes
Division of Taxation

➢ FY 2013: Governor recommends $20.9 million and 206.0 full-time positions
  ❖ $0.2 million less than enacted
  ✓ Primarily from turnover savings
  ✓ $30,000 more for legal - hospital bankruptcies
  ❖ As of March 9, 9.0 positions vacant

➢ FY 2014: $21.2 million and 208.0 positions
  ❖ $0.1 million more than enacted
  ✓ Excludes $300,000 one-time tax amnesty expenses
  ✓ $176,000 for Special Investigative Unit
## Division of Taxation

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Tax Amnesty</td>
<td>$(300,000)</td>
<td>$(300,000)</td>
<td>$-</td>
</tr>
<tr>
<td>Special Investigations</td>
<td>-</td>
<td>176,000</td>
<td>176,000</td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>468,571</td>
<td>351,884</td>
<td>(116,687)</td>
</tr>
<tr>
<td>All Other Operations</td>
<td>(4,258)</td>
<td>(4,258)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$164,313</strong></td>
<td><strong>$223,626</strong></td>
<td><strong>$59,313</strong></td>
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</tbody>
</table>
Division of Taxation - Special Investigative Unit

- FY 2014 Governor’s initiative:
  - 2.0 new investigative positions for a total of 9.0 investigators
  - $176,000 for new positions
  - Budget assumes revenue of $1.3 million
  - Investigate violations and recommend prosecution
    - Property tax refund fraud
    - Earned income tax credit fraud
Governor’s recommendation: Article 9, Section 4

- Heard on March 6

For FY 2014:
- Hire outside agencies to collect delinquent taxes from non-residents
- 11,554 non-residents and $28.9 million in outstanding accounts
- Budget assumes revenue of $750,000
Division of Taxation - Effect of Sequestration

- Unemployment Insurance
  - Division receives $3.0 million for administering the collection of employer taxes for the Department of Labor and Training
  - Loss from Sequestration: $167,000
  - Division will absorb loss by leaving open vacancies for remainder of FY 2013
Division of Motor Vehicles

- Transferred from Dept. of Administration

- Administers and enforces laws pertaining to the operation and registration of motor vehicles
  - Suspension
  - Revocation
  - Inspection of motor vehicles
  - Issues licenses
Division of Motor Vehicles

Branch offices
- Cranston (Pastore Center, Headquarters)
- Woonsocket
- Middletown
- Wakefield (Monday to Thursday)
- Warren (Tuesday and Wednesday)
- Westerly (Fridays only)
Division of Motor Vehicles

- FY 2013: Governor recommends $20.1 million from all funds
  - $0.4 million more than enacted

- FY 2014: Governor recommends $20.7 million
  - $1.0 million more than enacted
## Division of Motor Vehicles

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Benefits</td>
<td>$411,542</td>
<td>$60,308</td>
<td>$(351,234)</td>
</tr>
<tr>
<td>DMV Mod. Project</td>
<td>513,160</td>
<td>513,160</td>
<td>-</td>
</tr>
<tr>
<td>Validation Stickers</td>
<td>-</td>
<td>(280,500)</td>
<td>(280,500)</td>
</tr>
<tr>
<td>Accident Reporting</td>
<td>-</td>
<td>(11,500)</td>
<td>(11,500)</td>
</tr>
<tr>
<td>Drivers' Manuals</td>
<td>-</td>
<td>(15,000)</td>
<td>(15,000)</td>
</tr>
<tr>
<td>Other Operations</td>
<td>23,660</td>
<td>22,786</td>
<td>(874)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$948,362</strong></td>
<td><strong>$289,254</strong></td>
<td><strong>$(659,108)</strong></td>
</tr>
</tbody>
</table>
Division of Motor Vehicles - Salaries and Benefits

- FY 2013: Governor recommends $12.9 million from all funds and 171.0 full-time positions
  - $0.3 million less than enacted reflects primarily vacancies and statewide benefit savings
- FY 2014: Governor recommends $13.2 million and 170.0 full-time positions
  - $61,172 more than enacted; $0.4 million less than requested, mostly general revenues
  - Turnover and statewide benefit savings
- As of March 9, 19.5 positions were vacant
Division of Motor Vehicles - DMV Modernization Expenditures

- DMV Modernization Project
  - Modernization of DMV website and technological infrastructure

- FY 2013:
  - $86,840 less for lower costs for database administrators
    - Reflects lower anticipated expenditures

- FY 2014:
  - $600,000 more for ongoing computer maintenance
  - $86,840 less for lower contractor costs
Elimination of Validation Stickers

- $280,500 savings from general revenues
  - $275,000 in printing; $5,500 in mailing
- Elimination may prevent law enforcement from identifying vehicles without registration
  - Department believes that database connected to license plates would partially overcome problem
- Connecticut and New Jersey do not require validation stickers
Elimination of Accident Reports

Initiative would result in:
- Elimination of requirement to file state report
- Loss of $287,000 from general revenues
  - Governor’s budget inadvertently fails to account for revenue loss
- Change assumes amending Division rules and regulations

Currently failure to file report may result in:
- Suspension of license
- $150 reinstatement fee
Elimination of Drivers’ Manuals

- Budget includes:
  - $15,000 savings from general revenues
  - Discontinue printing of manuals
    - Available only online
  - Massachusetts provides manuals online
    - Charges $5.00 fee for printed copy
License Plate Reissuance

- Article 6, Section 1 heard on January 31
  - Delays the mandatory reissuance of fully reflective license plates from September 1, 2013 to September 1, 2015
  - Current law suggests all reissuances would be done at once
    - Savings of $5.5 million for FY 2014
    - Department assumes reissuance to take place over FY 2016 to FY 2018
  - Delay recommended to identify appropriate business and production methods
Division of Motor Vehicles - Sale of Bulk Information

- Requested Initiative (Not recommended)
- Companies requesting to purchase bulk data from Division
  - Searches for information on toll or parking violations
  - Inquiries related to investigation or litigation permitted under federal law
  - Department indicates that this request would generate $348,000 for FY 2014
Division of Motor Vehicles - Effect of Sequestration

- Congestion Mitigation Air Quality Grant
  - Funds recertification training of 1,200 Certified Inspection Technicians (CITS)
    - Currently sole source of funding for retraining
  - Loss of $60,000 over two-year period beginning in FY 2014
  - Retraining of technicians is a requirement of the Environmental Protection Agency
State Aid

- Transferred from DOA by 2011 Assembly
- Calculates and administers:
  - Distressed Communities Relief Fund
  - Municipal Incentive Aid
  - Motor Vehicles Excise Tax
  - Payment in Lieu of Taxes
  - Property Revaluation Reimbursement
  - Actuarial Valuations
- State aid for libraries remains in DOA
## State Aid

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>FY 2013 Enacted</th>
<th>FY 2013 Revised</th>
<th>FY 2014 Governor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distressed Communities</td>
<td>$10.4</td>
<td>$15.4</td>
<td>$15.4</td>
</tr>
<tr>
<td>Municipal Incentive Aid</td>
<td>-</td>
<td>-</td>
<td>10.0</td>
</tr>
<tr>
<td>Payment in Lieu of Taxes</td>
<td>33.1</td>
<td>33.1</td>
<td>33.1</td>
</tr>
<tr>
<td>Motor Vehicle Excise Tax</td>
<td>10.0</td>
<td>10.0</td>
<td>10.0</td>
</tr>
<tr>
<td>Property Revaluation</td>
<td>1.6</td>
<td>1.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Actuarial Valuation</td>
<td>-</td>
<td>0.1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$55.1</strong></td>
<td><strong>$60.2</strong></td>
<td><strong>$69.0</strong></td>
</tr>
</tbody>
</table>
State Aid - Distressed Communities

- Established in 1990 to provide assistance to communities with highest property tax burdens relative to wealth.

- Communities falling into the lowest 20.0% for at least 3 of 4 indices to be eligible:
  - Percent of tax levy to full value of property
  - Per capita income
  - Personal income as percent of full value of property
  - Per capita full value of property
State Aid - Distressed Communities

- Governor recommends $15.4 million for both FY 2013 and FY 2014:
  - $5.0 million more than enacted
- Eligible communities:
  - Central Falls
  - Cranston
  - North Providence
  - Pawtucket
  - Providence
  - West Warwick
  - Woonsocket
State Aid - Municipal Incentive Aid

- **FY 2014**: Rewards municipalities without locally administered pension plans and those that submit Funding Improvement Plan

- Funding awarded to cities as share of state population

- Funding may be used for any purpose

- Article 11 hearing held on February 7
State Aid - Payment in Lieu of Taxes (PILOT)

- Program reimburses cities and towns for property taxes, which would have been due.
- Reimbursement is based on 27.0% of the tax that would have been collected if the property had been taxable, subject to appropriation.
- Recommends $33.1 million for FY 2013 and FY 2014 - level funded.
  - FY 2014: Represents reimbursement of 20.8 percent.
- Distributions to communities reflect updated data.
State Aid - Motor Vehicle Excise Tax

- Recommends the enacted amount of $10.0 million in both FY 2013 and FY 2014
- 2010 legislation - $500 exemption for which the state will reimburse municipalities an amount subject to appropriation
- Legislation allows municipalities to provide an additional exemption
  - Additional exemption not subject to reimbursement
State Aid - Motor Vehicle Excise Tax

- 2010 legislation removed the provision that restricted municipalities from taxing the difference in the event that the value of a vehicle is higher than the prior fiscal year.
- It allowed for rates to be lowered from the current frozen levels.
- Restored authority for fire districts to levy a motor vehicles excise tax.
State Aid - Property Revaluation

- General Law requires municipalities update property valuations using statistical techniques every third and sixth year after a full revaluation.
- Provides $1.6 million in FY 2013 and $0.5 million in FY 2014 to reimburse communities conducting property valuation updates.
- Expenditures fluctuate annually:
  - $1.1 million in FY 2012, $0.7 million in FY 2011 and $1.5 million in FY 2010.
State Aid - Actuarial Valuation

- Governor reappropriates $60,424 for FY 2013 for actuarial valuation payments to municipalities delayed in FY 2012
- No recommended appropriation for FY 2014
<table>
<thead>
<tr>
<th>Project</th>
<th>Status</th>
<th>Cost (millions)</th>
<th>Financing</th>
<th>End Date (FY)</th>
</tr>
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<tbody>
<tr>
<td>Lottery HQ</td>
<td>New</td>
<td>$0.4</td>
<td>RICAP</td>
<td>2013</td>
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<tr>
<td>DMV Mod.</td>
<td>Revised</td>
<td>15.5</td>
<td>COPS, surcharge</td>
<td>2013</td>
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<tr>
<td>Lifts Replace</td>
<td>Ongoing</td>
<td>0.3</td>
<td>RICAP</td>
<td>2014</td>
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<tr>
<td>Integrated Tax System</td>
<td>Ongoing</td>
<td>25.0</td>
<td>COPS</td>
<td>2017</td>
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<tr>
<td>Forand Bldg.</td>
<td>Ongoing</td>
<td>17.7</td>
<td>RICAP</td>
<td>2013</td>
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</tbody>
</table>
Lottery Headquarters Renovations

- Recommends $400,000 from RICAP for new project for FY 2013

- Renovation to heating system and parking lot repairs
DMV Modernization Project

- Allows for more website functionality to reduce wait times for transactions performed at the Registry such as titles and registrations

- Project includes:
  - Enhanced digital facial recognition
  - Use of barcode readers
  - Infrastructure upgrade
DMV Modernization Project

- 2006 Assembly authorized DOA to borrow $13.0 million to modernize DMV computer system

  - Debt service supported by a $1.50 surcharge on transaction
  - Extended surcharge from 7 to 10 years because receipts were yielding less than anticipated
DMV Modernization Project

- **Project Status:**
  - Request for proposal was issued in December 2006
  - Began testing (license module) in September 2009

- **Estimated completion date:** Spring 2014

- **Federal grants affected by delay:**
  - REAL ID
  - Commercial Drivers License Modernization
Lifts Replacement

- Recommends $0.3 million from RICAP to replace 3 lifts within the safety and emission control inspection garage
- Advances $0.1 million from FY 2015 to FY 2013 and FY 2014, $50,000 each year
- Lifts are used daily for the inspection of school buses and other vehicles
  - In service for more than 15 years
  - Require maintenance on a frequent basis
Integrated Tax System

- Recommends $25.0 million from COPs for ongoing project
- Consolidates separate programs into one computer system
  - Enhance customer service
  - Reduce operating costs
  - Assist Division in collecting revenue
- Recommendation assumes $5.0 million from COPs for each year through FY 2017
Registry of Motor Vehicles—Forand Building

- Recommends $17.7 million from RICAP for ongoing project scheduled for completion in FY 2013

- Two remaining projects
  - Upgrade of Heating Ventilation and Air Conditioning
  - Changes to floor plan to improve workflow and customer service

- Request of $115,114 for FY 2013
Department of Revenue

Staff Presentation
FY 2012 Revised, FY 2013 Recommended and Capital Budgets
March 26, 2013