

## Department of Revenue

Expenditures By Program	FY2021 Actual	FY2022 Enacted	FY2022 Governor	Change from Enacted		FY2023 Governor	Change from Enacted	
Director of Revenue	\$47.9	\$1.8	\$2.0	\$0.2	13.3%	\$2.3	\$0.5	25.9%
Division of Collections	0.6	0.8	0.9	0.0	4.3%	0.9	0.1	7.1%
Lottery Division	261.0	434.2	366.6	(67.6)	-15.6%	436.8	2.6	0.6%
Municipal Finance	2.0	133.7	133.6	(0.0)	0.0%	133.7	0.0	0.0%
Office of Revenue Analysis	0.7	0.9	1.0	0.1	8.1%	1.0	0.1	9.2%
Registry of Motor Vehicles	31.4	32.5	33.6	1.2	3.6%	38.5	6.0	18.6%
State Aid	197.2	200.6	187.5	(13.1)	(0.1)	226.5	25.8	12.9%
Taxation	31.5	35.0	38.6	3.6	10.3%	37.3	2.2	6.3%
<b>Total</b>	<b>\$572.3</b>	<b>\$839.6</b>	<b>\$763.9</b>	<b>(\$75.6)</b>	<b>-9.0%</b>	<b>\$876.9</b>	<b>\$37.3</b>	<b>4.4%</b>

### Expenditures By Source

General Revenue	\$122.6	\$267.9	\$260.1	(\$7.7)	-2.9%	\$300.4	\$32.5	12.1%
Federal Funds	185.7	132.4	132.2	(0.2)	-0.1%	\$132.9	0.5	0.4%
Restricted Receipts	2.2	4.9	4.7	(0.2)	-3.9%	\$6.6	1.7	34.4%
Other Funds	261.7	434.4	366.8	(67.6)	-15.6%	\$437.0	2.6	0.6%
<b>Total</b>	<b>\$572.3</b>	<b>\$839.6</b>	<b>\$763.9</b>	<b>(\$75.6)</b>	<b>-9.0%</b>	<b>\$876.9</b>	<b>\$37.3</b>	<b>4.4%</b>

Authorized FTE Levels	602.5	570.5	570.5	-	-	575.5	5.0	0.9%
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*\$ in millions. Totals may vary due to rounding.*

The Department of Revenue (DOR) was created as a separate department within the executive branch of government as part of the FY2007 Budget as Enacted. The Department is headed by a Director who is appointed by the Governor subject to the advice and consent of the Senate. The Department has eight program functions consisting of the Director's Office, the Division of Collections, the Lottery Division, Municipal Finance (formerly property valuation), the Office of Revenue Analysis (ORA), the Division of Motor Vehicles (DMV), the State Aid program, and the Division of Taxation.

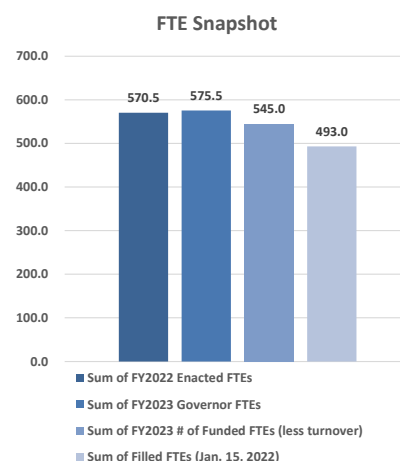
### MAJOR ISSUES AND TRENDS

The Governor recommends \$876.9 million from all funds in FY2023 and \$763.9 million in the FY2022 Revised Budget, a 4.4 percent increase and 9.0 percent decrease, respectively. The FY2022 Supplemental proposal is \$75.6 million less than the enacted level (9.0 percent less) and \$191.6 million more than actual expenditures in FY2021.

The Budget also includes a net \$32.5 million increase in general revenue (\$37.3 million all funds increase) for the DOR and a net increase of 5.0 FTE positions in FY2023. Major budget initiatives include:

#### State Aid

- Motor Vehicle Excise Tax Reimbursement:** The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. For FY2023, the Budget includes \$156.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law. This is \$26.9 million above the FY2022 enacted level.



- **Distressed Communities Relief Fund:** The Governor recommends level funding the Distressed Community Relief Fund in FY2023 at \$12.4 million in general revenue.
- **Payment in Lieu of Taxes (PILOT):** The Governor also level funds the State PILOT program in FY2023 at \$46.1 million in general revenue. Current law requires reimbursement at 27.0 percent of forgone tax revenue, but allows for a ratable reduction if the appropriation is less than this amount. The Governor's recommendation for FY2023 represents a rate of 25.7 percent.

#### Division of Motor Vehicles

- **License Plate Reissuance:** The Governor recommends \$5.0 million in general revenue to fund statutorily required reissuance of motor vehicle license plates.

#### Taxation

- **Taxpayer Steward:** Article 8 establishes a new dedicated position within Taxation to assist taxpayers, coordinate the resolution of complaints and problems, and provide recommendations for changes that improve taxpayer education, reduce errors, and improve compliance. The Budget includes \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support this function in FY2023.
- **Adult-Use Marijuana Program:** Article 11 establishes a comprehensive new State Adult-Use Marijuana program that include various new tax provisions. The Budget provides \$424,552 in new restricted receipt funds to support the personnel costs of 4.0 new FTE positions that will oversee compliance.
- **SFRF-Taxation Modernization:** The Budget provides \$750,000 in federal State Fiscal Recovery Funds within Taxation to support upgrades to the State Tax Administration and Revenue (STAARS) information technology system. Total planned SFRF funding for this project is \$2.3 million. Over the next five years.

#### DIRECTOR OF REVENUE

The Office of the Director is responsible for the administration of the Department. Functions include personnel management and legal support for the Department of Revenue.

Director of Revenue	General Revenue
FY2022 Enacted	\$1,792,985
<i>Target and Other Adjustments</i>	<i>47,337</i>
Centralized Services	313,859
Statewide COLA and Bonus	103,294
<b>FY2023 Governor</b>	<b>\$2,257,475</b>

#### **Centralized Services** **\$313,859**

The Budget includes a \$313,859 increase in general revenue centralized services spending as compared to the FY2022 enacted level. The increase reflects the office's adjusted percentage share of human resources and information technology services based on its activity in FY2022.

	FY2022 Enacted	FY2023 Governor	Change
Centralized Service			
HR Service Centers	\$559,347	\$858,223	\$298,876
Information Technology Charges	202	15,185	14,983
<b>Total</b>	<b>\$559,549</b>	<b>\$873,408</b>	<b>\$313,859</b>

#### **Statewide COLA and Bonus** **\$103,294**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living

adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$103,294 in FY2023 and \$102,758 in FY2022 within the Director of Revenue program.

## **DIVISION OF COLLECTIONS**

The Division of Collections was established in FY2019 to assist State agencies in the collection of delinquent debt. The Division enters into agreements with willing State agencies to transfer the debts to the Division, which are remitted back to the appropriate agency once successfully recovered.

<b>Division of Collections</b>	<b>General Revenue</b>
FY2022 Enacted	\$828,769
<i>Target and Other Adjustments</i>	<i>3,660</i>
Statewide COLA and Bonus	55,239
<b>FY2023 Governor</b>	<b>\$887,668</b>

### **Statewide COLA and Bonus** **\$55,239**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$55,239 in FY2023 and \$49,682 in FY2022 within the Division of Collections program.

## **LOTTERY DIVISION**

The Rhode Island Lottery was created in 1974 and was transferred into the Department of Revenue in 2006. The Lottery is responsible for promoting and selling games, including Daily Numbers, Keno, instant games (scratch tickets), multi-state pool games (PowerBall and MegaMillions), and Lucky 4 Life regional game, as well as the authorization and licensing of video lottery terminals (VLTs), table games, and sports betting at Twin River Lincoln and Tiverton. No general revenues support the Division; it is entirely funded with other funds derived from Lottery sales.

<b>Lottery Division</b>	<b>Other Funds</b>
FY2022 Enacted	\$434,215,853
<i>Target and Other Adjustments</i>	<i>54,154</i>
Statewide COLA and Bonus (other funds)	826,378
Commissions and Prize Payments (other funds)	605,770
Lottery Building Enhancements (other funds)	290,000
<b>FY2023 Governor</b>	<b>\$435,992,155</b>

### **Statewide COLA and Bonus (other funds)** **\$826,378**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase Lottery fund expenditures by \$826,378 in FY2023 and \$813,588 in FY2022 within the Lottery Division program.

**Commissions and Prize Payments (other funds)****\$605,770**

The net increase of \$605,770 in Commissions and Prize Payments is based on the November 2021 Revenue Estimating Conference (REC) estimates of VLT net terminal income and other lottery games. Net terminal income from VLTs is estimated to total \$485.9 million and net table game revenue (NTGR) is estimated to total \$126.2 million. NTGR is deposited in the State lottery fund for administrative purposes with commissions distributed to Twin River and deductions made for casino operating expenses. The balance is remitted to the general fund.

**Lottery Building Enhancements (other funds)****\$290,000**

The Governor recommends \$290,000 from Lottery funds and \$850,000 from the Rhode Island Capital Plan Fund and in FY2023 to support upgrades at Lottery Division's headquarters on Pontiac Avenue in Cranston. The \$1.1 million project includes increasing operational capacity to better administer new functions such as online lottery games and mobile sports betting. The funds will also cover the installation of a backup power generator to be used in case of an extended power outage.

**DIVISION OF MUNICIPAL FINANCE**

The Division of Municipal Finance (DMF) assists municipalities by providing data analysis and technical assistance as well as training on financial reporting, tax levy, and property valuation issues. The Division calculates the equalized property valuation information and State Aid distributions. The Motor Vehicle Value Commission is staffed by the Division and sets vehicle values that are subject to the motor vehicle excise tax. The Division plays an important role in administering the State's fiscal stability statutes. These laws provide a tiered set of interventions, from budget commissions to receiverships, when a municipality experiences financial distress.

<b>Division of Municipal Finance</b>	<b>General Revenue</b>
FY2022 Enacted	\$1,718,168
<i>Target and Other Adjustments</i>	-
Personnel and Operating Changes	19,876
<b>FY2023 Governor</b>	<b>\$1,738,044</b>
<b>Division of Municipal Finance</b>	<b>Other Funds</b>
ARPA Local Fiscal Relief Funds (federal funds)	Informational

**Personnel and Operating Changes****\$19,876**

The Budget provides a net \$19,876 in additional personnel and operating expenditures in FY2023 within the Division of Municipal Finance compared to the FY2022 Budget as Enacted. Included in these funds is an additional \$104,116 in personnel costs associated with the recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract. This increase is offset by a net \$119,321 decrease in other personnel costs associated with other statewide changes in healthcare and fringe benefits, and other personnel changes. The remaining \$35,081 represents an increase in information technology services charges that are assessed by the Department of Administration. The increase reflects changes in the planned use of these services by the Division.

**ARPA Local Fiscal Recovery Fund (federal funds)****Informational**

The Budget includes \$132.0 million in FY2023 in pass-through federal funds related to pandemic recovery. The American Rescue Plan Act of 2021 (ARPA) established the Local Fiscal Recovery Fund within the U.S. Department of Treasury to assist local-level jurisdictions with pandemic recovery. Congress appropriated \$536.8 million for Rhode Island municipalities under the program. These funds are to support public health expenditures, address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers, and invest in water, sewer, and broadband infrastructure.

According to guidance from Treasury, Local Fiscal Recovery Funds are allocated across three categories: county-level, non-entitlement unit level, and entitlement unit level. Treasury disburses funds directly to entitlement unit level governments while county and non-entitlement level unit funding must be appropriated by the General Assembly. Entitlement communities in Rhode Island include Cranston, East Providence, Pawtucket, Providence, Warwick, and Woonsocket. These communities will receive a total of \$272.8 million directly from Treasury in 2021 and 2022. The county-level and non-entitlement unit level funds are disbursed in two tranches, with 50.0 percent, or \$132.0 million, having been made available in May 2021 and the balance to be disbursed in May 2022.

## OFFICE OF REVENUE ANALYSIS

The Office of Revenue Analysis (ORA) analyzes the State's tax systems and revenue streams. The Office prepares the biennial Tax Expenditures Report, cost-benefit analyses of tax proposals, and fiscal notes for revenue-related legislation. The Office houses, and is the primary operator of, the State's sales tax and personal income tax models.

Office of Revenue Analysis	General Revenue
FY2022 Enacted	\$889,151
<i>Target and Other Adjustments</i>	<i>16,845</i>
Statewide COLA and Bonus	57,842
Training Expenses	6,800
<b>FY2023 Governor</b>	<b>\$970,638</b>

### **Statewide COLA and Bonus** **\$57,842**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$57,842 in FY2023 and \$52,752 in FY2022 within the Office of Revenue Analysis.

### **Training Expenses** **\$6,800**

The Budget provides \$13,600 in general revenue in FY2023 to fund ORA training expenses, \$6,800 more than the FY2022 enacted level. According to the DOR, this funding is to pay for staff travel to conferences and registration fees. With pandemic limitations on such activity increasingly being lifted, ORA plans to increase its staff training opportunities in FY2023.

## DIVISION OF MOTOR VEHICLES

The Division of Motor Vehicles (DMV) is responsible for issuing, suspending, and revoking all motor vehicle licenses and registrations and for the motor vehicle inspection program. The Division operates a main branch in Cranston, with satellite branches in Middletown, Wakefield, Warren, Westerly, and Woonsocket. Additionally, AAA offers some DMV services at select branch locations.

<b>Division of Motor Vehicles</b>	<b>General Revenue</b>
FY2022 Enacted	\$30,331,973
<i>Target and Other Adjustments</i>	<i>(312,843)</i>
License Plate Reissuance	4,964,873
Information Technology Services	(1,801,816)
Statewide COLA and Bonus	1,620,273
<b>FY2023 Governor</b>	<b>\$34,802,460</b>
<b>Division of Motor Vehicles</b>	<b>Other Funds</b>
Real ID	Informational

**License Plate Reissuance** **\$5.0 million**

The Governor recommends \$5.0 million in general revenue to fund statutorily required reissuance of motor vehicle license plates. This includes \$3.4 million for the production of the new plates and \$1.6 million for postage.

Under RIGL 31-3-33, the DMV is required to issue new reflective license plates for all registered vehicles every ten years in order to reduce fraud, improve public safety and law enforcement, and to generate revenue. The reissuance was first scheduled to take place in September 2011. It has been delayed 8 times since, with a myriad of different rationales (see table).

Article 7 of the FY2020 Budget as Enacted changed the fee for the plates from \$6.00 per reissued set to \$8.00. Article 6 of the FY2022 Budget as Enacted extended the reissuance deadline from June 1, 2020, to July 1, 2022.

Session	Date	Delay Date	Reason
2011	9/2011	9/2013	\$3.3 million savings initiative
2013	9/2013	9/2015	Budget reduction target initiative
2015	9/2015	7/2016	Need to align plate design w/ state tourism campaign
2016	7/2016	4/2017	RIMS - Staff would have to be taken away from implementation
2017	4/2017	1/2019	Launch of RIMS System/Reprogramming legacy IT system
2018	1/2019	1/2020	Real ID - Staff would have to be taken away from implementation
2019	1/2020	6/2020	Governor had proposed eliminating the reissuance altogether. By the time Budget was enacted, it was too late to timely implement
2020	6/2020	No new date	Delay due to impact of the pandemic
2021	6/2020	7/2022	Delay due to impact of the pandemic

**Information Technology Services** **(\$1.8 million)**

The Governor recommends shifting \$1.8 million in general revenue for contracted services supporting the Rhode Island Motor Vehicle System (RIMS) to restricted receipts in FY2023.

In 2017 the General Assembly increased the technology surcharge on all Division of Motor Vehicle transactions from \$1.50 to \$2.50. Two-thirds of the fee is deposited into the State's Information Technology Investment Fund (ITIF) to fund large State IT projects and \$1.00 is retained by the Division within a

restricted receipt to maintain RIMS. By statute, the entire fee becomes available to the Division beginning July 1, 2022, and the expenditures shift to the restricted receipt account accordingly.

### **Statewide COLA and Bonus**

**\$1.6 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$1.6 million in FY2023 and \$1.6 million in FY2022 within the Division of Motor Vehicles.

### **Real ID**

**Informational**

Real ID is a minimum security standard for the issuance of driver's licenses and state-issued identification cards that is mandated by Congress and regulated by the U.S. Department of Homeland Security (DHS). Congress enacted the Real ID Act in 2005 which prohibits federal agencies from accepting, for official purposes, licenses or ID cards from states that do not meet these standards. Rhode Island is currently among 25 states that have a waiver from complying with the law. The waiver was originally set to end in October 2020. In March 2020, the U.S. Department of Homeland Security extended the enforcement deadline to October 1, 2021 in response to the pandemic.

The DMV began issuing Real ID driver's licenses and identification cards beginning in December 2018. Individuals are not required to have a Real ID; it is only necessary when interacting with federal agencies, and even then there are others forms of ID, such as passports, that are accepted. Because of this, the DMV estimates that just over half of current license/ID holders will eventually need a Real ID. Real IDs will be issued as part of a standard driver's license renewal (\$61.50 renewal fee) or may be obtained sooner by purchasing a duplicate license (\$25.00 duplicate fee).

### **STATE AID**

The Budget funds a number of State Aid payments. State aid is administered by staff in the Division of Municipal Finance.

*(Additional information on the aid programs can be found in the Municipal Aid section of this report.)*

<b>State Aid</b>	<b>General Revenue</b>
FY2022 Enacted	\$199,634,001
<i>Target and Other Adjustments</i>	-
Motor Vehicle Excise Phase Out	26,938,234
Property Revaluation Program	(1,088,730)
<b>FY2023 Governor</b>	<b>\$225,483,505</b>

### **Motor Vehicle Excise Phase Out**

**\$26.9 million**

The General Assembly enacted legislation in 2017 to phase out the motor vehicle excise tax by 2024. Municipalities are reimbursed annually for lost revenue. For FY2023, the Budget includes \$156.6 million in total general revenue reimbursement funding for cities and towns, consistent with the current law, and \$26.9 million more than the FY2022 enacted level.

### **Property Revaluation Program**

**(\$1.2 million)**

The Governor recommends \$414,947 in general revenue for the Property Revaluation program in FY2023, reflecting a savings of \$1.2 million relative to the FY2022 enacted level. The change is based on a reduction in anticipated reimbursements, which are required by law. The following communities will be reimbursed for statistical updates in FY2023: Exeter, Foster, Middletown, Narragansett, Newport, Pawtucket, Tiverton, and Woonsocket. Full revaluations will occur in Barrington, Cranston, and East Greenwich.

## DIVISION OF TAXATION

The Division of Taxation assesses and collects taxes while also enforcing the State's tax laws. It is responsible for promulgating rules and regulations and preparing taxpayer forms and instructions; registering and recording taxpayer accounts; assessing and collecting taxes due; and enforcing non-compliance through collections, audits, and liens.

<b>Division of Taxation</b>	<b>General Revenue</b>
FY2022 Enacted	\$32,673,073
<i>Target and Other Adjustments</i>	<i>(126,253)</i>
Statewide COLA and Bonus	1,971,991
Centralized Services	(380,084)
Taxpayer Steward	104,323
<b>FY2023 Governor</b>	<b>\$34,243,050</b>

<b>Division of Taxation</b>	<b>Other Funds</b>
ARP SFRF: Tax Modernization/STAARS Cloud Migration and Other IT (federal funds)	\$750,000
Adult-use Marijuana Program (restricted receipts)	424,522

### **Statewide COLA and Bonus** **\$2.0 million**

Based on recently negotiated contract bargaining agreements between the State and the state employee bargaining units for a proposed 4-year contract, the Budget includes the following cost-of-living adjustments (COLAs): 2.5 percent retroactive to June 2020, 2.5 percent retroactive to June 2021, 2.5 percent in July 2022, and 2.5 percent in July 2023. In addition, the Budget includes a \$1,500 retention bonus to those eligible union employees that was included as part of the recently completed contract negotiation. The current agreement is projected to increase general revenue expenditures by \$2.0 million FY2023 and \$1.9 million in FY2022 within the Division of Taxation.

### **Centralized Services** **(\$380,084)**

The Budget includes a \$380,084 savings in general revenue centralized services spending as compared to the FY2022 enacted level. The increase reflects the Division's adjusted percentage share of information technology services based on its activity in FY2022.

### **Taxpayer Steward** **\$104,323**

The Governor recommends \$104,323 in general revenue personnel expenditures and 1.0 new FTE position to support a new Taxpayer Steward initiative.

Article 8 of the Governor's proposed FY2023 Budget establishes a new dedicated position within Taxation to assist taxpayers, coordinate the resolution of complaints and problems, and provide recommendations for changes that improve taxpayer education, reduce errors, and improve compliance. According to the Taxation, the new initiative is a planned evolution of the Division's capacity to foster voluntary compliance and improve customer service.

### **ARP SFRF: Tax Modernization/STAARS Cloud Migration and Other IT (federal funds)** **\$750,000**

The Governor proposes to use \$750,000 in federal American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) in FY2023 to support upgrades to the State Tax Administration and Revenue (STAARS) information technology system and invest in improved technology-supported business practices. An additional \$1.5 million in SFRF are proposed for FY2024, for total planned appropriations of \$2.3 million.

The proposal consists of three distinct technology infrastructure initiatives

- (1) migrating Taxation's comprehensive information technology platform from internal servers to one that is cloud-based



- (2) using personal computers with external cameras to facilitate safe customer interactions
- (3) an advanced mail tracking system.

- **STAARS Cloud Migration:** STAARS launched in 2017 and provides Rhode Island with a modern tax information technology system that centralizes all taxpayer information into one computer database. The system integrates the State's 58 tax categories that, previously, had been siloed on their own mainframes and legacy databases. The advent of this integrated system enabled Taxation to improve the way it is organized around staffing, auditing and discovery, and customer interaction to provide a more reliable, efficient and responsive operation.

According to Taxation, the infrastructure supporting the STAARS integrated tax system is aging and approaching the end of its lifecycle. The proposal includes working with Taxation's long time vendor Revenue Solutions, Inc. (RSI) to migrate the STAARS system to the Azure Government Cloud. According to Taxation, a cloud-based platform allows for scalability, monitoring, support, and security.

- **PCs/External Cameras:** According to Taxation, the Division has a limited ability to interact with taxpayers either in person, by mail/email, or by phone. The Division does a significant volume of work in-person with taxpayers. Providing efficient, safe, and satisfying customer service during the pandemic proved to be a challenge.

The Governor proposes to purchase 12 personal computers that have integrated external cameras and install them in a newly configured Taxpayer Service Center. The center has 12 confidential meeting places that can provide taxpayers a place to confidentially interact with staff through virtual meeting space. According to Taxation, the additional PCs with external cameras will facilitate a planned reservation/meeting process.

- **Mail Tracking System:** According to Taxation, the Division "processes over 3.5 million filings/payments each year and the physical mail received is received, opened, processed, and tracked manually." This labor intensive process can lead to inefficiencies and error. Taxation's goal is to be able to manage each piece of mail and be able to assess a taxpayer's return/ payment in real time.

The Governor proposes to procure and implement a state-of-the-art mail tracking system that will allow Taxation "to allocate necessary resources and track any issues on a real-time basis, which will expedite processing of returns, other filings, and payments, and enhance the ability to interact with individuals/businesses and other taxpayers more efficiently."

Key components of the proposal include (quoted directly from budget documents):

- **U.S. Treasury Eligibility Category:** Revenue replacement
- **Equity Components:**
  - **Population:** "Not applicable"
  - **Awareness:** "Not applicable"
  - **Access and Distribution:** "Not applicable"
  - **Outcomes:** "Not applicable"
- **Performance Metrics:**
  - Cloud Migration
    - "There is a detailed project plan being managed and overseen by DoIT, the Division of Taxation, and its vendor, RSI."
    - "Payments for work performed is based on actual deliverables being completed and independently verified."

- PC with external cameras and a mail tracking system
  - “Division of Taxation will have to meet all procurement requirements and implement the hardware by collaborating and working with DoIT, on a similar project plan path with a timeline/deliverables/tracking/testing and confirmation of targets/deliverables achieved.”

***Adult Use Marijuana Program (restricted receipts)***

***\$424,522***

The Budget includes \$424,522 in new restricted receipt funding to support the personnel and other costs within Taxation associated with the Governor’s proposed Adult Use Marijuana program.

Article 11 of the Budget provides the detailed framework of the Governor’s proposed Adult Use Marijuana initiative. Oversight and regulation of the program is centered in a new Office of Cannabis Regulation within the Department of Business Regulation, with multi-agency cooperation from law enforcement, health, and revenue agencies.

For the Department of Revenue and the Division of Taxation, the work will primarily consist of increased administration over new revenue collections and enforcement, communication with partner agencies and licensees, and other functions.

The article creates a new adult use marijuana program restricted receipt account, known as the Adult Use Marijuana Trust Fund. The account is established across several agencies, including the Department of Revenue. It is out of this fund that the \$424,522 for the Taxation is appropriated. The Budget provides \$374,522 and 4.0 FTEs within Taxation, including 2.0 Tax Investigators and 2.0 Revenue Agents. The Budget also provides \$50,000 in other unspecified contracted services associated with the program.