

DEPARTMENT OF REVENUE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY19 Adjusted Base	FY20 Recommended	% Change Over FY19	FY21 Recommended	% Change Over FY20
GPR	153,517,100	156,642,500	2.0	157,383,400	0.5
PR-O	13,468,200	13,691,400	1.7	13,776,000	0.6
PR-S	7,435,400	7,396,700	-0.5	7,396,700	0.0
SEG-O	41,769,900	45,965,200	10.0	45,992,900	0.1
TOTAL	216,190,600	223,695,800	3.5	224,549,000	0.4

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY19 Adjusted Base	FY20 Recommended	FTE Change Over FY19	FY21 Recommended	FTE Change Over FY20
GPR	953.08	989.08	36.00	989.08	0.00
PR-O	124.30	124.30	0.00	124.30	0.00
PR-S	12.20	12.20	0.00	12.20	0.00
SEG-O	92.45	92.45	0.00	92.45	0.00
TOTAL	1,182.03	1,218.03	36.00	1,218.03	0.00

AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department advises the Governor and Legislature on tax policy; administers the state's tax laws, lottery and unclaimed property program; distributes property tax relief and local unrestricted aid payments; and oversees general administration of the property tax system. The department's activities are organized into the following four major program areas:

- The Division of Income, Sales and Excise Tax collects taxes through accepting tax payments and processing tax returns, enforces tax laws and collects taxes through audit and compliance activities, provides taxpayer assistance, conducts criminal investigations, and administers the state's debt collection and unclaimed property program;
- The Division of State and Local Finance administers state policy and programs affecting local government finance and the state's property tax system, including establishing equalized values, supervising general administration of the local property tax and assessing the value of manufacturing property statewide;
- The Lottery Division administers the lottery program that provides funding for the property tax credit; and

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- The administrative services area includes the Secretary's Office, Office of General Counsel, Division of Enterprise Services, Division of Technology Services, and Division of Research and Policy, and provides the Executive Office and Legislature with detailed analyses of revenue and tax policy options.

The tax programs administered by the department provide revenue for the state's general fund and other segregated funds. In addition, programs administered by the department provide revenue to counties and local tax districts. The department also administers the homestead, farmland preservation, earned income and other credits, which are paid to eligible applicants from the general fund.

MISSION

The department administers Wisconsin's tax system to provide revenue to fund state and local government services.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Collection of Taxes

Goal: Ensure accountability through enforcement of tax laws.

Objective/Activity: Delinquent tax collections per fiscal year.

Objective/Activity: Collect debts owed to state agencies, courts, the Legislature, state authorities and local units of government (Statewide Debt Collection Program).

Objective/Activity: Use analytics to detect and prevent fraudulent returns or credits, including corrections to amount claimed for Earned Income Tax and Homestead Credits.

Objective/Activity: Enforcement cost per dollar collected.

Goal: Promote efficiency and integrity.

Objective/Activity: Growth in individual income, corporate franchise/income, and sales/use tax returns received electronically.

Objective/Activity: Average processing time for tax returns.

Goal: Provide excellent customer service.

Objective/Activity: Average hold time and answer rate for customer service call centers.

Objective/Activity: Department employees are considered professional and knowledgeable by customers.

Program 2: State and Local Finance

Goal: Ensure equitable tax compliance, collection and property valuation.

Objective/Activity: Increase availability of electronic means of doing business.

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Program 3: Administrative Services and Space Rental

Goal: Maintain a positive work environment.

Objective/Activity: Percentage of target group members in agency workforce.

Program 4: Unclaimed Property Program

Goal: Promote efficiency and integrity.

Objective/Activity: Process unclaimed property claims within 90-day statutory limit.

Program 8: Lottery

Goal: Achieve the highest possible revenue for property tax relief by offering entertaining and socially responsible games, while ensuring integrity and public trust.

Objective/Activity: Increase the amount available for property tax relief over the prior year.

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PERFORMANCE MEASURES

2017 AND 2018 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2017	Actual 2017	Goal 2018	Actual 2018
1.	Collection of delinquent taxes.	\$227 million	\$279.8 million	\$227 million	\$297.3 million
1.	Enforcement cost per dollar impact.	\$.095	\$.084	\$.095	\$.091
1.	Fraudulent returns stopped, incorrect refunds/credits reduced or denied.	\$47.2 million	\$37.3 million	\$47.2 million	\$51.4 million
1.	Statewide debt collection program.	\$37.39 million	\$28 million	\$37.39 million	\$43 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	87% (II) 95% (ST) 90% (C)	85% (II) 94% (ST) 89% (C)	87% (II) 95% (ST) 90% (C)	88% (II) 95% (ST) 97% (C)
1.	Taxpayer survey results (percent of customers who rate customer service agents as professional or knowledgeable).	95% professional 95% knowledgeable	98.8% professional 98.9% knowledgeable	95% professional 95% knowledgeable	99% professional 99% knowledgeable
1.	Average processing time for individual income tax returns.	8 days	5.6 days	8 days	6.1 days
1.	Average hold time/answer rate for customer service call center.	1.5 minute hold time 97.8% answer rate	43 second hold time 99.4% answer rate	1.5 minute hold time 97.8% answer rate	1.37 minute hold time 96.2% answer rate
2.	Percentage of forms and reports received electronically.	95%	96.1%	95%	96%
3.	Percentage of target group members in agency workforce.	12.5%	15.7%	12.5%	16.1%
4.	Process unclaimed property claims within 90 days.	100%	100%	100%	100%
8.	Percent change in funds distributed for property tax relief from prior year.	1%	15.9%	1%	-7.1%

Note: Based on fiscal year.

¹Percentage through August 21, 2018. Extension returns not filed until November 15th.

2019, 2020 AND 2021 GOALS

Prog. No.	Performance Measure	Goal 2019	Goal 2020	Goal 2021
1.	Collection of delinquent taxes.	\$290 million	\$290 million	\$290 million
1.	Enforcement cost per dollar impact.	\$.095	\$.095	\$.095

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Prog. No.	Performance Measure	Goal 2019	Goal 2020	Goal 2021
1.	Fraudulent returns stopped, incorrect refunds/credits reduced or denied.	\$47.2 million	\$47.2 million	\$47.2 million
1.	Statewide debt collection program.	\$37.39 million	\$37.39 million	\$37.39 million
1.	Percentage of individual income (II) sales tax (ST) and corporate (C) returns received electronically.	85% (II) 95% (ST) 90% (C)	85% (II) 95% (ST) 90% (C)	85% (II) 95% (ST) 90% (C)
1.	Taxpayer survey results.	95% professionalism 95% knowledgeable	95% professionalism 95% knowledgeable	95% professionalism 95% knowledgeable
1.	Average processing time for individual income tax returns.	7 days	7 days	7 days
1.	Average hold time/answer rate for customer service call center.	1.5 minute hold time 98% answer rate	1.5 minute hold time 98% answer rate	1.5 minute hold time 98% answer rate
2.	Percentage of forms and reports received electronically.	95%	95%	95%
3.	Percentage of target group members in agency workforce.	14.5%	14.5%	14.5%
4.	Process unclaimed property claims within 90 days.	100%	100%	100%
8.	Percent change in funds distributed for property tax relief from prior year.	1%	1%	1%

Note: Based on fiscal year.

DEPARTMENT OF REVENUE
GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. FAIR Credit
2. Manufacturing and Agriculture Credit Limitation
3. Capital Gains Exclusion Limitations
4. Modification of Automatic Rate Reduction
5. Child and Dependent Care Credit
6. Broadcaster Apportionment Modifications
7. Homestead Credit Reforms
8. Earned Income Tax Credit Expansion
9. First-Time Homebuyer Accounts
10. E-Commerce Marketplace Providers
11. Audit and Tax Agent Positions
12. Increase in Refundable Research Credit
13. Medical Marijuana Surcharge and Sales Tax
14. E-Cigarette Excise Tax
15. Excise Tax on Little Cigars
16. Medical Care Insurance Subtraction for Self-Employed Individuals
17. Repeal of Private School Tuition Subtraction
18. Internal Revenue Code Update
19. Limitation on Moving Expense Deduction
20. Low-Income Housing Credit Addback
21. Historic Rehabilitation Tax Credit
22. Wisconsin Health and Educational Facilities Authority Bond Interest Tax Exemption
23. Unclaimed Property Project Positions
24. Lottery Sum Sufficient Adjustments
25. Repeal Net Operating Loss Carrybacks
26. Elimination of Game Birds Sales Tax Exemption
27. Elimination of the Farm-Raised Deer Sales Tax Exemption
28. Real Estate Transfer Fee Exemption Limitations
29. Interaction Effects of Tax Reforms
30. Minor Transfers Between Appropriations
31. Standard Budget Adjustments

ITEMS NOT APPROVED

32. Dependent Care Credit
33. EITC Marriage Penalty Reduction
34. Homestead Expansion for Individuals Age 62 or Over
35. New Graduate Tax Credit

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**Table 1
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
GENERAL PURPOSE REVENUE	\$109,483.1	\$153,517.1	\$153,427.7	\$153,549.4	\$156,642.5	\$157,383.4
State Operations	109,483.1	153,517.1	153,427.7	153,549.4	156,642.5	157,383.4
PROGRAM REVENUE (2)	\$14,471.1	\$20,903.6	\$20,989.5	\$21,074.1	\$21,088.1	\$21,172.7
State Operations	14,471.1	20,903.6	20,989.5	21,074.1	21,088.1	21,172.7
SEGREGATED REVENUE (3)	\$76,749.7	\$41,769.9	\$45,965.2	\$45,993.0	\$45,965.2	\$45,992.9
State Operations	76,749.7	41,769.9	45,965.2	45,993.0	45,965.2	45,992.9
TOTALS - ANNUAL	\$200,703.9	\$216,190.6	\$220,382.4	\$220,616.5	\$223,695.8	\$224,549.0
State Operations	200,703.9	216,190.6	220,382.4	220,616.5	223,695.8	224,549.0

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

**Table 2
Department Position Summary by Funding Source (in FTE positions) (4)**

	ADJUSTED BASE FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
GENERAL PURPOSE REVENUE	953.08	953.08	953.08	989.08	989.08
PROGRAM REVENUE (2)	136.50	134.50	134.50	136.50	136.50
SEGREGATED REVENUE (3)	92.45	92.45	92.45	92.45	92.45
TOTALS - ANNUAL	1,182.03	1,180.03	1,180.03	1,218.03	1,218.03

(2) Includes Program Revenue-Service and Program Revenue-Other

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

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**Table 3
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY20	FY21	FY20	FY21
1. Collection of taxes	\$71,495.6	\$81,386.8	\$81,735.4	\$81,839.3	\$84,950.5	\$85,673.6
2. State and local finance	\$11,177.4	\$12,918.6	\$12,752.2	\$12,760.6	\$12,752.2	\$12,760.6
3. Administrative services and space rental	\$33,863.9	\$38,972.3	\$38,850.6	\$38,972.3	\$38,850.3	\$38,972.0
4. Unclaimed property program	\$1,563.7	\$3,850.9	\$3,742.0	\$3,742.0	\$3,840.6	\$3,840.6
8. Lottery	\$82,603.3	\$79,062.0	\$83,302.2	\$83,302.3	\$83,302.2	\$83,302.2
TOTALS	\$200,703.9	\$216,190.6	\$220,382.4	\$220,616.5	\$223,695.8	\$224,549.0

**Table 4
Department Position Summary by Program (in FTE positions) (4)**

	ADJUSTED BASE FY19	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY20	FY21	FY20	FY21
1. Collection of taxes	829.28	832.03	832.03	868.03	868.03
2. State and local finance	113.00	113.00	113.00	113.00	113.00
3. Administrative services and space rental	164.10	161.35	161.35	161.35	161.35
4. Unclaimed property program	5.95	3.95	3.95	5.95	5.95
8. Lottery	69.70	69.70	69.70	69.70	69.70
TOTALS	1,182.03	1,180.03	1,180.03	1,218.03	1,218.03

(4) All positions are State Operations unless otherwise specified

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1. FAIR Credit

The Governor recommends the creation of the family and individual reinvestment (FAIR) credit that would be a nonrefundable credit equal to 10 percent of the remaining tax liability after nearly all other credits are applied. The full 10 percent would be available for single filers with Wisconsin adjusted gross income below \$80,000 and married-joint filers with Wisconsin adjusted gross income below \$125,000. The 10 percent credit rate would gradually phase out as incomes increase beyond that point until being fully phased out for single filers with Wisconsin adjusted gross income above \$100,000 and married-joint filers with Wisconsin adjusted gross income above \$150,000. Below the start of the phase-out thresholds, the credit will have a \$100 minimum for single and married-joint filers and a \$50 minimum for married-separate filers. The fiscal impact is an estimated decrease in tax revenue of \$421.5 million in FY20 and \$412.0 million in FY21.

2. Manufacturing and Agriculture Credit Limitation

The Governor recommends limiting the amount of qualified production activities income that may be claimed by manufacturing firms under the manufacturing and agriculture credit to \$300,000 per tax year. The Governor also recommends leaving the agricultural portion of the credit unchanged compared to current law. The fiscal impact is an estimated increase in tax revenue of \$279.5 million in FY20 and \$237.1 million in FY21.

3. Capital Gains Exclusion Limitations

The Governor recommends preserving the current law 30 percent long-term capital gains exclusion for single filers with federal adjusted gross income below \$100,000 and below \$150,000 for married-joint filers while eliminating it for taxpayers above those income levels. Taxpayers with noncapital gains income below those thresholds could claim capital gains income that, when combined with other sources, would stay within those limits for purposes of the exclusion, but not those amounts above the income limits. These modifications will preserve the exclusion for low- and middle-income investors while creating greater equity in the tax treatment of different sources of income for higher-income taxpayers. These modifications do not affect the 60 percent capital gains exclusion for farm assets. The fiscal impact is an estimated increase in tax revenue of \$285.1 million in FY20 and \$220 million in FY21.

4. Modification of Automatic Rate Reduction

The Governor recommends modifying the current law automatic individual income tax rate reductions associated with increased sales and use tax collections from remote Internet sellers, resulting from a U.S. Supreme Court decision, to focus the entirety of the cut on the lowest individual income tax bracket. This will help create a more equitable distribution of the cut and better align income tax savings with increased sales and use tax burdens than the current law cut which would reduce all marginal tax rates. This action pertains to a provision of 2017 Wisconsin Act 369.

5. Child and Dependent Care Credit

The Governor recommends repealing the current law subtraction for qualifying child and dependent care expenses and instead adopting a nonrefundable credit equal to 50 percent of the federal credit for child and dependent care expenses beginning in tax year 2020. The fiscal impact is an estimated reduction in tax revenue of \$9.9 million in FY21.

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6. Broadcaster Apportionment Modifications

The Governor recommends repealing the current law apportionment treatment for broadcasters based on the commercial domiciles of broadcasters' advertisers and returning apportionment to a market-based sourcing approach based on audience share. The fiscal impact is an estimated increase in tax revenue of \$16.2 million in FY20 and \$13.3 million in FY21.

7. Homestead Credit Reforms

The Governor recommends indexing the parameters of the homestead tax credit for inflation beginning with tax year 2020 to preserve the credit's value against inflationary pressures. The Governor also recommends increasing the maximum income threshold of the homestead credit to \$30,000 in tax year 2020. See Shared Revenue and Tax Relief, Item #1.

8. Earned Income Tax Credit Expansion

The Governor recommends increasing the Wisconsin earned income tax credit as a percentage of the federal credit from 4 percent to 11 percent for filers with one qualifying child and from 11 percent to 14 percent for filers with two qualifying children beginning with tax year 2019. See Shared Revenue and Tax Relief, Item #2.

9. First-Time Homebuyer Accounts

The Governor recommends creating state tax-preferred savings accounts that would allow first-time homebuyers to subtract from their adjusted gross income up to \$5,000 in contributions for single filers and up to \$10,000 in contributions for married-joint filers. Earnings on those accounts would also be exempt from state taxation. Contributions to these accounts would first be eligible for the individual income tax subtraction in tax year 2020. The fiscal impact is an estimated reduction in tax revenue of \$4.1 million in FY21.

10. E-Commerce Marketplace Providers

The Governor recommends clarifying current law to explicitly require Internet marketplace providers to collect and remit sales and use tax on taxable sales facilitated by the marketplace on behalf of third parties. This provision is expected to increase collection of taxes already owed to the state by \$26.8 million in FY20 and \$67.1 million in FY21.

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11. Audit and Tax Agent Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	3,215,100	36.00	3,834,300	36.00
TOTAL	0	0.00	0	0.00	3,215,100	36.00	3,834,300	36.00

The Governor recommends providing 24.0 FTE four-year project positions and 12.0 FTE permanent positions to the department to improve collections of delinquent taxes and identify amounts owed to Wisconsin by entities with nexus with the state. In addition, the Governor recommends clarifying state law to improve collection of the amounts owed to the state. These additional positions are expected to collect \$11.2 million in FY20 and \$25.2 million in FY21 of taxes owed but not yet paid to the state.

12. Increase in Refundable Research Credit

The Governor recommends increasing the percentage of the research credit that is refundable from 10 percent to 20 percent beginning in tax year 2020 to provide greater incentive for research and development expenditures in Wisconsin. The Governor also recommends disallowing companies receiving incentives under the electronics and information technology manufacturing zone credit from being able to claim the refundable research credit. See Shared Revenue and Tax Relief, Item #11.

13. Medical Marijuana Surcharge and Sales Tax

The Governor recommends imposing an excise tax on medical marijuana. A 10 percent surcharge will be placed on the dispensary's list price for products. Medical marijuana will not be exempted from sales tax. The fiscal impact is an increase in tax revenue of \$756,300 in FY20 and \$1,512,500 in FY21. See Department of Agriculture, Trade and Consumer Protection, Item #11; and Department of Health Services, Item #3.

14. E-Cigarette Excise Tax

The Governor recommends the imposition of a tobacco products tax on vapor products at the rate of 71 percent of the manufacturer's list price. The tax would also apply to any cartridge or container of any solution, which may or may not contain nicotine, that is intended to be used with an electronic cigarette or similar product. The fiscal impact is an estimated increase in tax revenue of \$14.9 million for FY20 and \$19.8 million in FY21.

15. Excise Tax on Little Cigars

The Governor recommends imposing the cigarette excise tax on little cigars that include an integrated cellulose acetate filter and that are wrapped in any substance containing tobacco. The fiscal impact is an increase in tax revenue of \$2.9 million in FY20 and \$3.9 million in FY21.

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16. Medical Care Insurance Subtraction for Self-Employed Individuals

The Governor recommends allowing self-employed individuals to deduct their medical care insurance premiums against all sources of income instead of the current law limitation that such individuals may only deduct premiums against self-employment income. This change would first take effect in tax year 2020. The fiscal impact is an estimated reduction in tax revenue of \$9.5 million in FY21.

17. Repeal of Private School Tuition Subtraction

The Governor recommends repealing the subtraction from adjusted gross income for tuition paid by a parent to send their child to a private primary or secondary school. The fiscal impact is an estimated tax revenue increase of \$12.1 million in FY20 and \$12.2 million in FY21.

18. Internal Revenue Code Update

The Governor recommends modifying Wisconsin Statutes to conform with changes made to the federal Internal Revenue Code. The net fiscal impact of these changes is an increase in tax revenue of \$187.9 million in FY20 and \$174.6 million in FY21.

19. Limitation on Moving Expense Deduction

The Governor recommends prohibiting deductions by businesses for moving expenses paid to move outside the state or outside the United States. The fiscal impact is estimated to be an increase in tax revenue of \$500,000 in each year of the biennium.

20. Low-Income Housing Credit Addback

The Governor recommends requiring low-income housing credits to be added back to taxable income of the entity claiming the credit, which would bring the credit's treatment into alignment with other business tax credits. The fiscal impact is an estimated increase in tax revenue of \$140,000 in FY20 and \$310,000 in FY21.

21. Historic Rehabilitation Tax Credit

The Governor recommends specifying that the \$3.5 million limit for awards under the historic rehabilitation credit program be applied on a per project basis as opposed to a per parcel basis. The Governor also recommends repealing the state's supplement to the former federal credit for nonhistoric qualified rehabilitated buildings as a result of the credit's repeal at the federal level.

22. Wisconsin Health and Educational Facilities Authority Bond Interest Tax Exemption

The Governor recommends exempting from income and franchise taxation interest earned on bonds or notes issued by the Wisconsin Health and Educational Facilities Authority for bond or note issues of no more than \$35 million. The fiscal impact of this provision is an estimated decrease in tax revenue of \$130,000 in FY21, \$260,000 in FY22 and \$390,000 in FY23. See Wisconsin Health and Educational Facilities Authority, Item #1.

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23. Unclaimed Property Project Positions

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	0	0.00	0	0.00	98,600	2.00	98,600	2.00
TOTAL	0	0.00	0	0.00	98,600	2.00	98,600	2.00

The Governor recommends extending the 2.0 FTE permanent project positions in the Unclaimed Property Program to June 30, 2021.

24. Lottery Sum Sufficient Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	4,054,600	0.00	4,054,600	0.00	4,054,600	0.00	4,054,600	0.00
TOTAL	4,054,600	0.00	4,054,600	0.00	4,054,600	0.00	4,054,600	0.00

The Governor recommends increasing the lottery sum sufficient appropriations for vendor fees and retailer compensation to reflect lottery sales projections.

25. Repeal Net Operating Loss Carrybacks

The Governor recommends repealing Wisconsin's net operating loss carryback provisions to parallel the repeal of net operating loss carrybacks at the federal level. The fiscal impact is an estimated increase in tax revenue of \$2.0 million in FY20 and \$4.1 million in FY21.

26. Elimination of Game Birds Sales Tax Exemption

The Governor recommends eliminating the sales tax exemption for the sale of live game birds and clay pigeons. The fiscal effect would be an increase in tax revenue of \$150,000 in FY20 and \$200,000 in FY21.

27. Elimination of the Farm-Raised Deer Sales Tax Exemption

The Governor recommends eliminating the sales and use tax exemption for the sale of farm-raised deer. The fiscal effect would be an increase in tax revenue of \$90,800 in FY20 and \$121,000 in FY21.

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28. Real Estate Transfer Fee Exemption Limitations

The Governor recommends modifying two current law exemptions to the real estate transfer fee to close loopholes. The first change would clarify that the exemption for transfers from a subsidiary corporation to its parent corporation does not apply in cases where a noncorporate entity owns a majority of shares in the corporation. The second change would modify the exemption to transfers for the purposes of providing security for debt or other obligations to specify that the exemption does not apply to conveyances between different owners. The fiscal impact is an estimated tax revenue increase of \$539,000 in FY20 and \$718,000 in FY21.

29. Interaction Effects of Tax Reforms

The Governor recommends reestimating general fund tax revenues in each fiscal year to account for the interaction effects of multiple changes regarding taxable income, tax rates and credits. The fiscal impact is an estimated increase in general fund tax revenue of \$4.9 million in FY20 and \$6.9 million in FY21.

30. Minor Transfers Between Appropriations

The Governor recommends minor adjustments between appropriations within the same funding source to align department resources with the correct appropriation.

31. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-89,400	0.00	32,300	0.00	-89,700	0.00	32,000	0.00
PR-O	223,200	0.00	307,800	0.00	223,200	0.00	307,800	0.00
PR-S	-137,300	-2.00	-137,300	-2.00	-137,300	-2.00	-137,300	-2.00
SEG-O	140,700	0.00	168,500	0.00	140,700	0.00	168,400	0.00
TOTAL	137,200	-2.00	371,300	-2.00	136,900	-2.00	370,900	-2.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$1,832,400 in each year); (b) removal of noncontinuing elements from the base (-\$98,600 and -2.0 FTE positions in each year); (c) full funding of continuing position salaries and fringe benefits (\$1,881,700 in each year); (d) reclassifications and semiautomatic pay progression (\$26,800 in FY20 and \$109,000 in FY21); (e) full funding of lease and directed moves costs (\$159,400 in FY20 and \$311,200 in FY21); and (f) minor transfers within the same appropriation.

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ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Department of Revenue.

Decision Item	Source of Funds	FY20		FY21	
		Dollars	Positions	Dollars	Positions
32. Dependent Care Credit	GPR	0	0.00	0	0.00
33. EITC Marriage Penalty Reduction	GPR	0	0.00	0	0.00
34. Homestead Expansion for Individuals Age 62 or Over	GPR	0	0.00	0	0.00
35. New Graduate Tax Credit	GPR	0	0.00	0	0.00
TOTAL OF ITEMS NOT APPROVED	GPR	0	0.00	0	0.00

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