

DEPARTMENT OF REVENUE

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY07 Adjusted Base	FY08 Recommended	% Change Over FY07	FY09 Recommended	% Change Over FY08
GPR	83,706,000	90,487,500	8.1	90,472,100	0.0
PR-O	10,004,400	11,108,400	11.0	11,111,000	0.0
PR-S	3,333,200	3,330,100	-0.1	3,330,100	0.0
SEG-O	68,474,500	73,696,200	7.6	74,629,900	1.3
TOTAL	165,518,100	178,622,200	7.9	179,543,100	0.5

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY07 Adjusted Base	FY08 Recommended	FTE Change From FY07	FY09 Recommended	FTE Change From FY08
GPR	891.38	897.38	6.00	882.33	-15.05
PR-O	94.45	100.45	6.00	100.45	0.00
PR-S	1.15	1.15	0.00	1.15	0.00
SEG-O	121.80	121.60	-0.20	118.65	-2.95
TOTAL	1,108.78	1,120.58	11.80	1,102.58	-18.00

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 and lottery, 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 five major program areas:

- The Division of Income, Sales and Excise Tax enforces tax laws and collects taxes through audit and compliance activities;
- The Division of Taxpayer Services collects taxes through processing tax returns and provides taxpayer assistance;
- 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 which provides funding for a property tax credit and the farmland tax relief credit; and
- The administrative services area includes the Secretary's Office, Office of General Counsel, Office of Technology Services, Division of Enterprise Services, and Division of Research and Policy.

The department also 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, recycling fund and transportation fund. The department also administers the homestead, farmland preservation and earned income credits, which are paid to eligible applicants from the general fund.

An independent Investment and Local Impact Fund Board, attached to the department for administrative purposes, governs the distribution of mining net proceeds occupational tax monies.

MISSION

The department's mission is to administer state and local taxes in a fair, equitable and efficient manner while advocating sound tax and fiscal policies and providing property tax relief.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

The department has done significant work in developing department-level goals and aligning strategic measures to those goals. In the past year, an interdivisional team developed a business plan document that better defines and illustrates what drives the agency. While the goals listed with this biennial budget request are basically the same, some of the measures have been modified slightly to better reflect the objectives.

The department has identified the following six high-level strategic goals that reflect the outcomes it seeks to achieve: develop and advocate sound tax and fiscal policy; ensure fair and equitable tax compliance, collection and property valuation; provide property tax relief through operation of a successful lottery; ensure a positive and diverse work environment; deliver outstanding customer service; and operate efficiently and effectively.

Program 1: Collection of Taxes

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

Objective/Activity: Delinquent collections per fiscal year.

Objective/Activity: Percentage of first-time homestead credit and earned income credit filers.

Goal: Operate efficiently and effectively.

Objective/Activity: Percentage of individual income and sales tax returns received electronically.

Program 2: State and Local Finance

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

Objective/Activity: Percentage of planned manufacturing assessments completed to meet five-year cycle requirement.

Program 3: Administrative Services and Space Rental

Goal: Develop and advocate sound tax and fiscal policy.

Objective/Activity: Percentage of tax and fiscal policy initiatives consistent with department recommendations.

Objective/Activity: Variance between estimated revenue and actual revenue.

Goal: Ensure a positive and diverse work environment.

Objective/Activity: Percentage of employees satisfied with their work environment.

Objective/Activity: Percentage of affirmative action target group members in underutilized job classifications.

Goal: Operate efficiently and effectively.

Objective/Activity: Cost per dollar received.

Program 8: Lottery

Goal: Provide property tax relief through operation of a successful lottery.

Objective/Activity: Percentage change from prior year in the funds generated for lottery property tax relief.

Objective/Activity: Percentage of lottery administrative expenses as compared to lottery revenues.

PERFORMANCE MEASURES

2005 AND 2006 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2005	Actual 2005	Goal 2006	Actual 2006
1.	Percentage increase in delinquent collections over the prior year.	12.5%	- 3%	15%	9%
1.	Percentage increase in participation in earned income credit (EIC) and homestead credit (HC) programs.	7% (EIC) 15% (HC)	5.8% (EIC) 4.5% (HC)	7% (EIC) 15% (HC)	- 1.1% (EIC) - 2.7% (HC)
1.	Percentage reduction in cycle times (processing days for unadjusted refunds).	10%	- 66%	12%	17%
2.	Percentage of planned manufacturing assessments completed to meet five-year cycle requirement.	100%	76.2%	100%	81%
3.	Percentage of tax and fiscal policy initiatives that the department has focused on and positively impacted.	90%	Biennial Measure	90%	95%
3.	Variance between estimated revenue and actual revenue.	± 2%	- 1%	± 2%	Available November
3.	Percentage of employees satisfied with their work environment.	More than 78%	73%	More than 2005	N/A
3.	Percentage of affirmative action target group members in underutilized job classifications.	6%	8.6%	6.5%	8.9%
3.	Revenue collected per dollar spent.	\$133	\$118	\$146	\$133
8.	Percentage increase in the funds generated for lottery property tax relief over prior year.	5%	- 7.7%	5%	10%

Prog. No.	Performance Measure	Goal 2005	Actual 2005	Goal 2006	Actual 2006
8.	Percentage of lottery costs as compared to lottery revenues.	7.5%	6.4%	7%	21%

Note: Based on fiscal year.

2007, 2008 AND 2009 GOALS

Prog. No.	Performance Measure	Goal 2007	Goal 2008	Goal 2009
1.	Collection of delinquent taxes. ¹	\$144,000,000	\$144,000,000	\$147,000,000
1.	Percentage of first-time homestead credit (HC) and earned income credit (EIC) filers. ¹	9% (HC) 6% (EIC)	9% (HC) 6% (EIC)	9% (HC) 6% (EIC)
1.	Percentage of individual income (II) and sales tax (ST) returns received electronically. ¹	65% (II) 55% (ST)	85% (II) 58% (ST)	70% (II) 60% (ST)
2.	Percentage of planned manufacturing assessments completed to meet five-year cycle requirement.	90%	95%	100%
3.	Percentage of tax and fiscal policy initiatives consistent with department recommendations. ¹	90%	90%	90%
3.	Variance between estimated revenue and actual revenue.	± 2%	± 2%	± 2%
3.	Percentage of employees satisfied with their work environment.	More than 2006	More than 2007	More than 2008
3.	Percentage of target group members in underutilized job classifications. ¹	9%	9.5%	10%
3.	Cost per dollar received. ¹	\$.0075	\$.0070	\$.0065
8.	Percentage increase in non-Powerball sales generated over prior year. ¹	2%	2%	2%
8.	Percentage of lottery costs as compared to lottery revenues.	<10%	<10%	<10%

Note: Based on fiscal year.

¹The department's business plan was analyzed and restructured during FY06 to better align with its priorities. The measure was updated to align with that plan.

DEPARTMENT OF REVENUE**GOVERNOR'S BUDGET RECOMMENDATIONS****RECOMMENDATIONS**

1. Cigarette and Tobacco Tax Increase
2. Health Insurance Premium Income Tax Deduction
3. College Tuition Deduction Increase
4. Child Care Tax Credit
5. Mainstreet Equity Act
6. E-Health Initiative
7. Biotech Sales and Use Tax Exemption
8. Assessment Improvement Package
9. Increase the Real Estate Transfer Fee
10. Increase in the Lottery Product Information Budget
11. Lottery Push Distribution
12. Exemption for Certain Veterans' Service
13. Exemption for Veterans' Service Organizations
14. Tax Refund Interception Program for Tribes
15. Sales Tax Exemption for Certain Digital Purchases
16. Direct Marketing of Cigarettes
17. Electronic Efficiencies Initiative
18. Targeted Tax Collection
19. Digital Products Tax
20. Auditors
21. Compliance Initiative to Encourage Tax Fairness
22. Debtor Charge from Lottery Prize Winnings
23. Lottery Prize Claim Clarification
24. Lemon Law Statute of Limitations
25. Pass-Through Withholdings
26. Angel and Early Stage Seed Credit Correction
27. Enterprise Zone Jobs Credit Correction
28. Film Credit Correction
29. Limit Deduction for Nonresident Nontaxable Activities
30. Covenant Not-to-Compete
31. Coordinate Tuition Deduction and EdVest Deduction
32. Checkoff Symbols
33. Tax Appeals Commission Deposits
34. Repeal Lottery GPR Appropriation
35. Renumber Tax Incremental Financing Appropriation
36. Internal Revenue Code Update
37. Attorney Consolidation
38. Lottery Sum Sufficient Appropriations
39. Dairy Plant Modernization Credit
40. Extend Sales Tax Exemption for Printed Materials
41. Minor Transfers Between Appropriations
42. Technical Correction to Base
43. Standard Budget Adjustments

ITEMS NOT APPROVED

44. Sales Tax Exemption for College Seat Licenses
45. Living Wage Tax Credit

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

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
GENERAL PURPOSE REVENUE	\$80,116.0	\$83,706.0	\$87,701.8	\$87,701.8	\$90,487.5	\$90,472.1
State Operations	80,116.0	83,706.0	87,701.8	87,701.8	90,487.5	90,472.1
PROGRAM REVENUE (2)	11,933.9	13,337.6	13,915.0	13,939.3	14,438.5	14,441.1
State Operations	11,933.9	13,337.6	13,915.0	13,939.3	14,438.5	14,441.1
SEGREGATED REVENUE (3)	66,730.5	68,474.5	68,295.3	68,298.0	73,696.2	74,629.9
State Operations	66,730.5	68,474.5	68,295.3	68,298.0	73,696.2	74,629.9
TOTALS-ANNUAL	158,780.4	165,518.1	169,912.1	169,939.1	178,622.2	179,543.1
State Operations	158,780.4	165,518.1	169,912.1	169,939.1	178,622.2	179,543.1

(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 FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
GENERAL PURPOSE REVENUE	891.38	895.38	895.38	897.38	882.33
PROGRAM REVENUE (2)	95.60	95.60	95.60	101.60	101.60
SEGREGATED REVENUE (3)	121.80	120.85	120.85	121.60	118.65
TOTALS-ANNUAL	1,108.78	1,111.83	1,111.83	1,120.58	1,102.58

(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

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

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
1. Collection of taxes	\$53,976.9	\$55,215.0	\$57,783.2	\$57,807.5	\$58,683.2	\$58,656.9
2. State and local finance	9,363.3	10,382.2	11,317.5	11,320.2	13,927.2	13,930.2
3. Administrative services and space rental	30,839.2	33,835.6	34,984.4	34,984.4	34,984.4	34,984.4
8. Lottery	64,601.0	66,085.3	65,827.0	65,827.0	71,027.4	71,971.6
TOTALS	158,780.4	165,518.1	169,912.1	169,939.1	178,622.2	179,543.1

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

	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
1. Collection of taxes	712.23	713.23	713.23	724.23	724.23
2. State and local finance	126.90	127.90	127.90	127.90	127.90
3. Administrative services and space rental	174.10	176.10	176.10	176.10	161.05
8. Lottery	95.55	94.60	94.60	92.35	89.40
TOTALS	1,108.78	1,111.83	1,111.83	1,120.58	1,102.58

(4) All positions are State Operations unless otherwise specified

1. Cigarette and Tobacco Tax Increase

The Governor recommends increasing the tax on cigarettes by \$1.25 per pack and increasing the tax on tobacco products by 40.6 percentage points to fund smoking cessation programs and health care initiatives (see Department of Health and Family Services, Item #27). The fiscal impact of the cigarette tax increase is an increase in tax revenue of \$257.5 million in FY08 and \$249 million in FY09. The fiscal impact of the tobacco products tax increase is an increase in tax revenue of \$18.2 million in FY08 and \$21.5 million in FY09. The Governor further recommends increasing the refund paid to tribes for collection of the cigarette and tobacco products tax. See Shared Revenue and Tax Relief, Item #11.

2. Health Insurance Premium Income Tax Deduction

The Governor recommends providing an income tax deduction for health insurance premiums paid by employees who pay part of their premiums. This deduction will be phased-in over four years. The estimated fiscal impact of this deduction is a decrease in tax revenue of \$11.8 million in FY09, \$31.9 million in FY10, \$62 million in FY11 and \$149 million in FY12.

3. College Tuition Deduction Increase

The Governor recommends increasing the college tuition deduction to \$6,000 and expanding it to include the cost of academic fees as well as tuition. The estimated fiscal impact of the deduction is a decrease in tax revenue of \$2.4 million in FY08 and \$1.6 million in FY09.

4. Child Care Tax Credit

The Governor recommends providing an income tax deduction for those who claim the federal household and dependent care tax credit. This deduction will be phased-in over four years. The estimated fiscal impact of this deduction is a decrease in tax revenue of \$3.9 million in FY09, \$7.8 million in FY10, \$11.8 million in FY11 and \$15.9 million in FY12.

5. Mainstreet Equity Act

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	20,000	0.00	40,000	0.00	20,000	0.00	40,000	0.00
TOTAL	20,000	0.00	40,000	0.00	20,000	0.00	40,000	0.00

The Governor recommends implementing the provisions of the Streamlined Sales and Use Tax Project, which is a cooperative effort among state governments to standardize and simplify sales and use tax provisions among state and local governments. Implementation of the project is expected to increase voluntary compliance and result in remittance of additional sales tax. The estimated fiscal impact of implementing the project is an increase in tax revenue of \$1.3 million in FY08 and \$3.5 million in FY09.

6. E-Health Initiative

The Governor recommends creating an income and franchise tax credit for health care providers for information technology hardware and software that is used to maintain medical records in electronic form. The estimated fiscal impact of the credit is a decrease of tax revenues of \$4.5 million in FY09 and \$10 million thereafter. See Department of Health and Family Services, Item #25.

7. Biotech Sales and Use Tax Exemption

The Governor recommends providing biotechnology companies an exemption to the sales tax. The estimated fiscal impact of this exemption is a decrease in tax revenue of \$2.5 million in each year.

8. Assessment Improvement Package

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	2,700,000	1.00	2,700,000	1.00
PR-O	0	0.00	0	0.00	-90,300	-1.00	-90,300	-1.00
TOTAL	0	0.00	0	0.00	2,609,700	0.00	2,609,700	0.00

The Governor recommends funding the development of the Integrated Property Assessment system to replace antiquated and outdated computer systems.

9. Increase the Real Estate Transfer Fee

The Governor recommends increasing and allocating all proceeds from the real estate transfer fee to support the county aid fund. County shared revenues will be paid from the county aid fund. The Governor also recommends adjusting the sharing ratio between the counties and the state to support the Circuit Courts, youth aids and affordable housing trust fund. The estimated fiscal impact of this recommendation is a revenue increase of \$64.6 million in FY08 and \$77.5 million in FY09. See Circuit Courts, Item #1, Department of Commerce, Item #8, Department of Corrections, Item #11, and Shared Revenue and Tax Relief, Item #3.

10. Increase in the Lottery Product Information Budget

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	2,900,000	0.00	2,900,000	0.00
TOTAL	0	0.00	0	0.00	2,900,000	0.00	2,900,000	0.00

The Governor recommends increasing the product information budget of the Lottery. An increase in the product information budget is estimated to increase the Lottery's revenue by \$15 million in each year.

11. Lottery Push Distribution

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	243,800	-2.25	-212,000	-4.50
TOTAL	0	0.00	0	0.00	243,800	-2.25	-212,000	-4.50

The Governor recommends implementing a push distribution strategy for instant tickets for a more efficient distribution system. Implementing the new distribution strategy is estimated to increase the Lottery's revenue by \$14.3 million in FY09.

12. Exemption for Certain Veterans' Service

The Governor recommends creating a sales and use tax exemption for tangible personal property and taxable services that are sold by a home exchange service that is owned by the Department of Veterans Affairs. The fiscal impact of this exemption is estimated to reduce state tax revenues by \$20,000 per year.

13. Exemption for Veterans' Service Organizations

The Governor recommends creating a property tax exemption for real property owned by a veterans' service organization that is chartered under federal law, if the property is necessary for the location and convenience of buildings. Additionally, the Governor recommends exempting veterans' service organizations from the income tax and franchise tax. The fiscal impact of these exemptions is estimated to reduce state tax revenues by \$40,000 per year.

14. Tax Refund Interception Program for Tribes

The Governor recommends allowing the department to enter into agreements with federally recognized tribes to offset state tax refunds against tribal obligations. The fiscal impact is minimal.

15. Sales Tax Exemption for Certain Digital Purchases

The Governor recommends exempting movie theaters and television and radio stations from the sales tax when they purchase digital versions of programs. They are already exempt if they purchase programs on video cassette tapes or reels. There is no fiscal impact from this proposal.

16. Direct Marketing of Cigarettes

The Governor recommends requiring direct marketers of tobacco products to obtain a permit to sell these products in Wisconsin. As a result, all tobacco products sold via direct marketing would include excise as well as sales taxes. Consequently, direct marketers will be selling these products at the same price levels as in-state retailers.

17. Electronic Efficiencies Initiative

The Governor recommends charging a filing fee for sales tax returns that are submitted to the department on paper. The fiscal impact of the recommendation is an increase of revenues of \$2.75 million in each year.

18. Targeted Tax Collection

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	613,800	7.00	592,100	7.00
TOTAL	0	0.00	0	0.00	613,800	7.00	592,100	7.00

The Governor recommends implementing a pilot program to convert collection of delinquent taxes from collection agencies to the department. The estimated fiscal impact of this initiative is an increase of tax revenues of \$6.1 million in each year.

19. Digital Products Tax

The Governor recommends leveling the playing field for small and large retail businesses by equalizing the treatment of certain types of personal property. The fiscal impact of this realignment is an increase of tax revenues of \$2.6 million in FY08 and \$3.7 million in FY09.

20. Auditors

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	85,700	1.00	70,300	1.00
SEG-O	0	0.00	0	0.00	200,500	3.00	187,300	3.00
TOTAL	0	0.00	0	0.00	286,200	4.00	257,600	4.00

The Governor recommends providing funding and position authority for three auditors and one revenue agent to enforce changes in the taxation of cigarettes and the implementation of the oil company assessment. See Item #1 and Department of Transportation, Item #1.

21. Compliance Initiative to Encourage Tax Fairness

The Governor recommends adopting a modified version of the federal provisions for reportable transactions to encourage tax fairness. The estimated fiscal impact of adopting the provisions is an increase of tax revenues of \$9.4 million in FY08 and \$780,000 per year thereafter.

22. Debtor Charge from Lottery Prize Winnings

The Governor recommends withholding money owed to state agencies from an individual's Lottery prize.

23. Lottery Prize Claim Clarification

The Governor recommends clarifying the language regarding the timing of claiming a Lottery prize. There is no fiscal impact.

24. Lemon Law Statute of Limitations

The Governor recommends imposing a four-year statute of limitations for vehicle manufacturers to request a refund of sales tax on vehicles returned to them. The fiscal impact is a minimal increase in revenues.

25. Pass-Through Withholdings

The Governor recommends simplifying pass-through entities' withholdings. The fiscal impact is minimal.

26. Angel and Early Stage Seed Credit Correction

The Governor recommends making technical changes to the early stage seed investment and angel investment income and franchise tax credits in order to facilitate the administration of the credits. The fiscal impact is minimal.

27. Enterprise Zone Jobs Credit Correction

The Governor recommends making technical corrections to the enterprise zone jobs income and franchise tax credits in order to simplify the administration of the credits. The fiscal impact is unknown, but there would be a revenue increase.

28. Film Credit Correction

The Governor recommends making technical corrections to the film production services and film production company investment income and franchise tax credits in order to simplify the administration of the credits. The fiscal impact is minimal.

29. Limit Deduction for Nonresident Nontaxable Activities

The Governor recommends requiring nonresidents and part-year residents to add back certain amounts of income from domestic production and unlawful discrimination awards. The fiscal impact is minimal.

30. Covenant Not-to-Compete

The Governor recommends taxing the income of nonresidents from covenants not-to-competes if the property or business is in Wisconsin. The fiscal impact is minimal.

31. Coordinate Tuition Deduction and EdVest Deduction

The Governor recommends coordinating the college tuition deduction and the EdVest deduction to prevent a double benefit. The fiscal impact is minimal.

32. Checkoff Symbols

The Governor recommends requiring checkoff symbols for the endangered resources, professional football district, breast cancer research, fire fighters memorial, veterans trust fund, multiple sclerosis programs, and prostate cancer research on the official printed forms. There is no fiscal impact of this proposal.

33. Tax Appeals Commission Deposits

The Governor recommends streamlining the deposit process for Tax Appeals Commission cases to improve efficiency. There is no fiscal impact.

34. Repeal Lottery GPR Appropriation

The Governor recommends repealing the GPR appropriation under s. 20.566(2)(am) because the Lottery is funded from the SEG lottery fund.

35. Renumber Tax Incremental Financing Appropriation

The Governor recommends renumbering the appropriation under s. 20.566(1)(go) to s. 20.566(2)(hm) to align the appropriation with the placement of the Tax Incremental Financing program in the Division of State and Local Finance.

36. Internal Revenue Code Update

The Governor recommends updating Wisconsin Statutes to conform with changes made to the federal Internal Revenue Code. The net impact of these changes is -\$0.5 million in FY08 and -\$3.2 million in FY09 in tax revenue.

37. Attorney Consolidation

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions	
GPR	0	0.00	0	0.00	0	0.00	0	-15.05
SEG-O	0	0.00	0	0.00	0	0.00	0	-0.70
TOTAL	0	0.00	0	0.00	0	0.00	0	-15.75

The Governor recommends improving the provision of state legal services by consolidating attorneys and legal support staff under the secretary of the Department of Administration on July 1, 2008. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. To achieve this, the Governor recommends transferring 16.75 FTE positions to the Department of Administration. The Governor further recommends retaining the funding associated with these positions in the department to purchase legal services from the Department of Administration. In addition, 1.0 FTE unclassified position is created to provide general counsel services. See Department of Administration, Item #1.

38. Lottery Sum Sufficient Appropriations

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	-406,900	0.00	-406,900	0.00	1,649,700	0.00	3,049,700	0.00
TOTAL	-406,900	0.00	-406,900	0.00	1,649,700	0.00	3,049,700	0.00

The Governor recommends increasing the sum sufficient appropriations under s. 20.566(8)(r) and (v) to reflect the impact of Lottery sales projections and the Lottery efficiency initiatives on retailer compensation and vendor fees. See Item #10 and #11.

39. Dairy Plant Modernization Credit

The Governor recommends creating a dairy modernization tax credit effective for tax years 2007 to 2014. The credit would equal ten percent of expenses for dairy investment in new plant, equipment and information technology and would be limited to \$200,000 per facility. The estimated fiscal impact of this credit is a decrease of tax revenue of \$300,000 in FY08 and \$400,000 in FY09.

40. Extend Sales Tax Exemption for Printed Materials

The Governor recommends extending the sales tax exemption for printed materials shipped out-of-state to include components of catalogs, mailings and advertising. The exemption would be effective April 1, 2009. The estimated fiscal impact of this exemption is a decrease of tax revenue of \$600,000 in FY09 and \$2.5 million annually thereafter.

41. Minor Transfers Between Appropriations

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-7,800	0.00	-7,800	0.00	-7,800	0.00	-7,800	0.00
PR-O	7,800	0.00	7,800	0.00	7,800	0.00	7,800	0.00
TOTAL	0	0.00	0	0.00	0	0.00	0	0.00

The Governor recommends making minor transfers between appropriations in order to align department programs with the correct appropriations.

42. Technical Correction to Base

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	-60,400	4.00	-60,400	4.00	-60,400	4.00	-60,400	4.00
SEG-O	-53,000	-0.95	-53,000	-0.95	-53,000	-0.95	-53,000	-0.95
TOTAL	-113,400	3.05	-113,400	3.05	-113,400	3.05	-113,400	3.05

The Governor recommends correcting errors that occurred in establishing the department's base budget.

43. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	4,064,000	0.00	4,064,000	0.00	4,064,000	0.00	4,064,000	0.00
PR-O	552,700	0.00	557,000	0.00	552,700	0.00	557,000	0.00
PR-S	-3,100	0.00	-3,100	0.00	-3,100	0.00	-3,100	0.00
SEG-O	280,700	0.00	283,400	0.00	280,700	0.00	283,400	0.00
TOTAL	4,894,300	0.00	4,901,300	0.00	4,894,300	0.00	4,901,300	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$1,446,100 in each year); (b) full funding of continuing position salaries and fringe benefits (\$6,306,500 in each year); (c) reclassifications and semiautomatic pay progression (\$31,100 in FY08 and \$38,100 in FY09); (d) full funding of lease and directed moves costs (\$2,800 in each year); and (e) minor transfers within the same alpha appropriation.

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	FY08		FY09	
		Dollars	Positions	Dollars	Positions
44. Sales Tax Exemption for College Seat Licenses	GPR	0	0.00	0	0.00
45. Living Wage Tax Credit	GPR	0	0.00	0	0.00
TOTAL OF ITEMS NOT APPROVED	GPR	0	0.00	0	0.00