



**Florida Senate
General Government
Appropriations
Subcommittee**

January 16, 2013

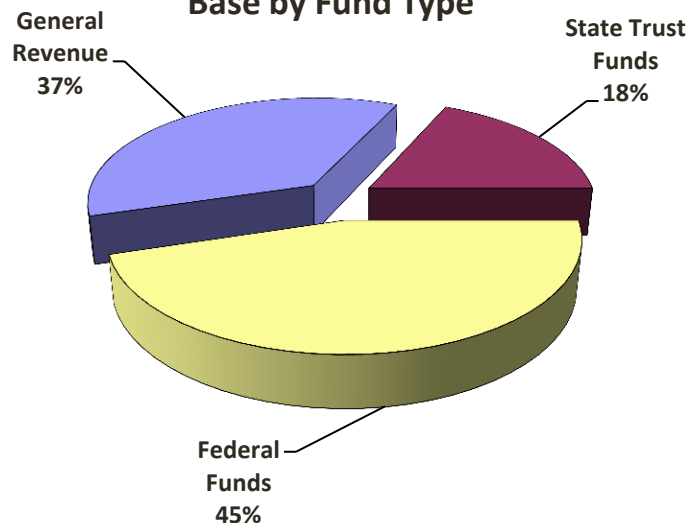
**Presentation by
Marshall Stranburg
Interim Executive Director
Florida Department of Revenue**

Department of Revenue

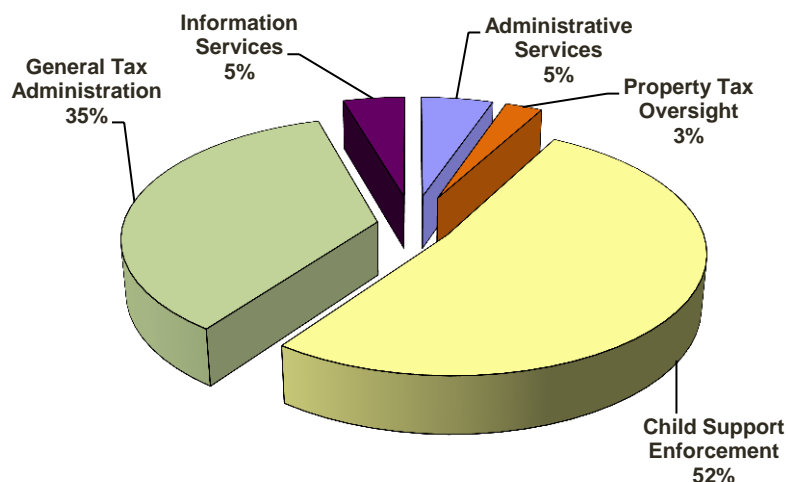
Fiscal Year 2013-14 Base Budget Review – Agency Summary

Program	FTE	General Revenue	State Trust Funds	Federal Funds	Total
Administrative Services	260.00	11,689,998	5,846,486	7,775,006	25,311,490
Property Tax Oversight	171.00	11,547,409	1,561,150		13,108,559
Child Support Enforcement	2,296.00	64,461,688	4,178,144	181,171,589	249,811,421
General Tax Administration	2,254.00	80,604,223	65,133,720	24,660,597	170,398,540
Information Services	174.00	6,786,574	10,835,141	4,097,728	21,719,443
Total	5,155.00	\$175,089,892	\$87,554,641	\$217,704,920	\$480,349,453

Base by Fund Type

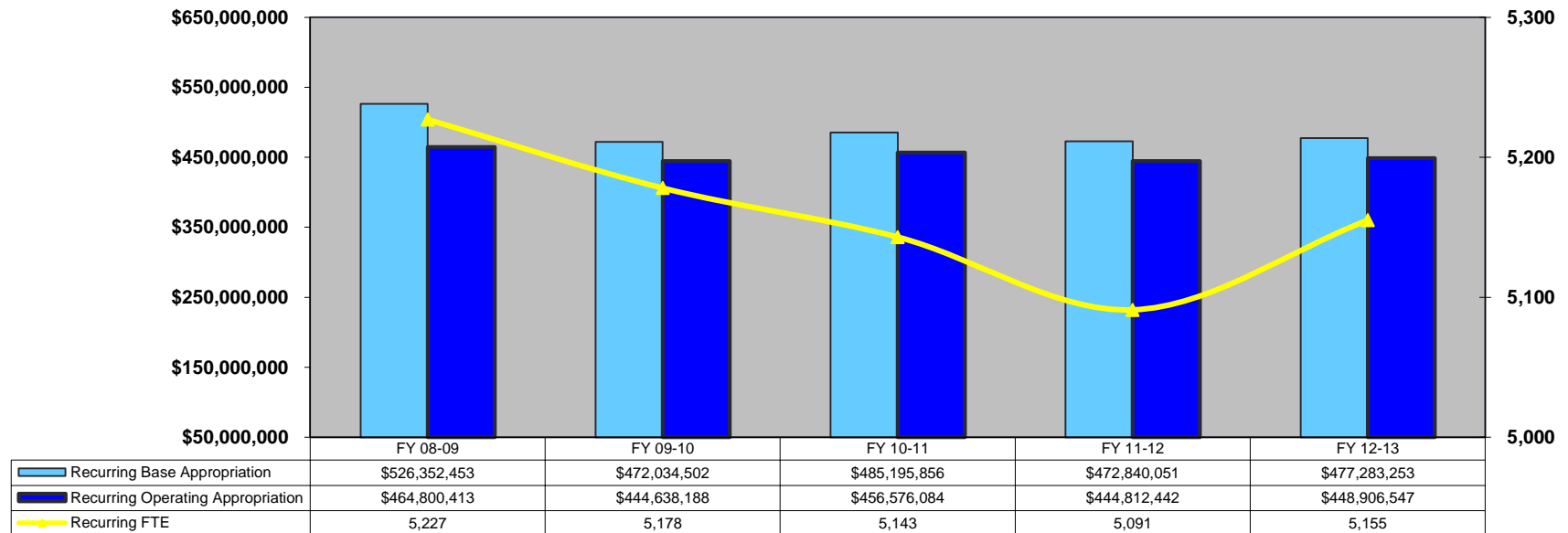


Base by Program



Department of Revenue - Historical Perspective

Fiscal Years 2008-09 to 2012-13



Note:

- Recurring Base Appropriation equals Appropriation minus non-recurring
- Recurring Operating Appropriation equals Recurring Base Appropriation minus pass throughs

Department of Revenue Programs

- General Tax Administration
 - Child Support Enforcement
 - Property Tax Oversight
 - Support Programs
 - Administrative Services
 - Information Services
-

General Tax Administration

Collects and distributes state taxes and fees accurately and efficiently. Administers 32 taxes and fees. While other state agencies collect certain revenues related to their respective responsibilities, the Department of Revenue partners with businesses statewide to fairly and efficiently collect most state taxes, and to make complying with Florida's tax laws as simple and convenient as possible.

Services & Benefits Provided to Citizens

- Registers taxpayers and processes tax payments
- Distributes revenue to state and local governments
- Provides taxpayer assistance through its call center, service centers, and website, including web-based tutorials
- Uses collection, audit, dispute resolution, and investigations to assure taxpayers are in compliance with the law

Performance

- **8.4 million** returns filed annually
 - **Nearly \$34 billion** in collected taxes and fees
 - **\$5 billion** in receipts processed for other state agencies, as well as Clerk of Court Remittances
 - **\$1.7 billion** in discretionary sales surtax collections distributed to 219 local jurisdictions, including counties, cities, and school districts
 - **1.1 million** calls responded to through call center agents on toll free help lines
 - **97 percent** of tax returns reconciled within 25 days
 - **7.9 million** taxpayers provided with direct assistance or education
-

Child Support Enforcement

Helps children get the financial support they need when it is not received from one or both parents. The federal government requires each state to operate a child support enforcement program as a condition for receiving the Temporary Assistance for Needy Families (TANF) federal block grant. The Department of Revenue is the Florida state agency that operates such a program.

Services & Benefits Provided to Citizens

- Locates parents
- Establishes paternity
- Establishes and enforces child support orders
- Receives and distributes child support payments
- Educates and assists parents and the public
- Works with other entities that carry out critical steps in the child support process, including state agencies, county officials, other states and countries

Performance

- Provides services for a **million children**
 - Collects over **\$1.61 billion annually in child support** payments of which 90% is from enforcement actions
 - Processes **10.4 million collection transactions** annually
 - Deposits approximately **\$25 million annually to General Revenue** from retained child support collections
 - Assists in establishing paternity annually for more than **98,000 children statewide**
 - **Responds to approximately 1.7 million calls** annually on toll free help lines
-

Property Tax Oversight

Ensures that all Florida counties prepare uniform and equitable tax rolls. No other state governmental body provides this service.

Services & Benefits Provided to Citizens

- Ensures that Florida's 644 local levying authorities comply with millage levying procedures, and public disclosure laws
- Provides technical and legal guidance to local officials
- Reviews certain property tax claims for refunds
- Provides training to elected officials and levying authorities
- Provides training and oversight to value adjustment boards
- Coordinates statewide mapping and aerial photography for Florida's Geographic Information System (GIS)

Performance

- In 2011, Florida's local governments and taxing authorities levied more than **\$24.4 billion** in taxes on **9.9 million parcels** of real and tangible personal property, with a total market value of **\$1.85 trillion**
- **\$26 million** distributed to 29 fiscally constrained counties
- Reviews and approves **property tax rolls for each of Florida's 67 counties**
- Reviewed **503 budget and budget amendment submissions** from property appraisers and tax collectors in Fiscal Year 2011-12
- **Mapped over 16,000 square miles** using aerial photography in Fiscal Year 2011-12

Efficiency, Productivity and Customer Service

The Department of Revenue continually evaluates its processes, resource allocations and measureable performance in order to more efficiently and effectively serve its customers.

Program	Recent Achievements
General Tax Administration	<ul style="list-style-type: none"> • Helped small businesses by auto-correcting tax period errors on over 36,000 returns, preventing the need to mail over 20,000 delinquency notices. • Implemented remote deposit of checks to get money in the bank faster, reduce costs and improve security. • Introduced a tax registration “wizard” system to help businesses understand and comply with tax obligations.
Child Support Enforcement	<ul style="list-style-type: none"> • Completed development of the Child Support Automated Management System (CAMS). • Expanded e-Services to enable more customers to access account information online. • Introduced a new walk-in service delivery model that allows customers to be served more quickly.
Property Tax Oversight	<ul style="list-style-type: none"> • Answered over 13,000 inquiries from taxpayers and local governments. • Provided over 15,000 hours of training for local government officials. • Expanded the use of existing property-related data already collected by private companies to avoid unnecessary duplication of effort.

Contract and Lease Savings Information

- **Deloitte Consulting, LLP** – Negotiated a two-year operations and maintenance option with an amended scope at a cost of \$13.7 million versus the \$28.5 originally stated in the contract. Funding for this contract is not included in the Department's recurring base budget.
 - **Genetic Testing Contract** – By having department employees rather than contractor employees collect the genetic material required for testing it is anticipated that annual savings will be approximately \$300,000.
 - **Coral Springs Lease (GTA/PTO Service Center)** – New lease resulted in a 26% reduction in square footage and approximately 45% reduction in lease costs during the first year. Years 2-5 will result in a reduction of approximately 25% in annual lease costs.
 - **Ft. Lauderdale Lease (CSE Service Center)** – Negotiations with the current landlord resulted in 25% savings for the final 15 months of the current lease and a new lease that provides for an 18% reduction in square footage with first year savings of 26%.
 - **Clearwater Lease (GTA/CSE Service Center)** – By relocating from private leased space to the state-owned Grizzle Building, the Department will realize a 23% reduction in square footage and an annual lease cost savings of approximately 52%.
-

Fiscal Year 2013-2014 Legislative Budget Request

Issue	General Revenue	State Trust Fund	Federal Funds	Total	Nonrecurring
One Stop Registration	\$ 3,000,000			\$ 3,000,000	\$ 1,000,000
CAMS Operations & Maintenance		\$ 2,075,986	\$ 4,029,854	\$ 6,105,840	\$ 6,105,840
DOR Agency-Wide E-Mail System Implementation	\$ 1,500,000			\$ 1,500,000	\$ 1,500,000
Litigation of Centrally Assessed Railroad and Private Carlines	\$ 275,000			\$ 275,000	
Increased Cost for 11th Judicial Circuit State Attorney's Contract with Child Support Program	\$ 72,707		\$ 141,137	\$ 213,844	
Child Support Special Improvement Grant Federal Spending Authority			\$ 100,000	\$ 100,000	\$ 100,000
Total Request	\$ 4,847,707	\$ 2,075,986	\$ 4,270,991	\$ 11,194,684	\$ 8,705,840

One-Stop Business Registration

*Fiscal Year 2013-2014 Request: \$3,000,000 General Revenue
(\$2,000,000 Recurring / \$1,000,000 Non-recurring)*

- The Department received a \$3 million appropriation in Fiscal Year 2012-2013 for Phase I costs of the One-Stop Business Registration Portal. A contract was executed on December 12, 2012, with eGovernment Solutions.
 - Phase I development and implementation is anticipated to be completed in Fiscal Year 2013-2014 at a total cost of approximately \$2.5 million. Approximately \$1.6 million of those costs will be incurred in Fiscal Year 2012-2013, with the remaining \$900,000 in costs to be expended in Fiscal Year 2013-2014.
 - \$3 million was requested for Fiscal Year 2013-2014 as an estimate of the amount needed for the second year of project funding. It is now projected that the funding needed in Fiscal Year 2013-2014 will be closer to \$2 million - \$900,000 for the balance of Phase I and an estimated \$1 million for Phase II development and implementation.
 - The system will include the following basic features that will benefit Florida's businesses:
 - ✓ The ability to apply for licenses, registrations and permits,
 - ✓ The ability to accept electronic attachments;
 - ✓ On-line payment capabilities;
 - ✓ A dashboard that will provide an overview of registration, licensing profile and filing status;
 - ✓ Automatic linkage to on-line services provided by state agencies relative to each business;
 - ✓ The ability to provide information to the business during the registration process;
 - ✓ Creation of a single business identifier that can be shared across state agencies and local governments.
-

Child Support Automated Management System (CAMS) Operation and Maintenance

Fiscal Year 2013-2014 Request: \$6,105,840

\$2,075,986 State Trust; \$4,029,854 Federal Funds (Non-recurring)

-
- \$6.1 million in non-recurring funding is requested for Fiscal Year 2013-2014 to support the anticipated maintenance of CAMS during the second year of statewide implementation.
 - Implementation of a major system such as CAMS requires additional maintenance during the system's initial two to three years of operation to refine software programs. The requested funding will allow the Department to continue to focus on system refinements and handling increased maintenance as the system transitions to a mature state.
 - CAMS Phase I has already benefitted citizens by automating work that was previously handled through a labor intensive, manual process. The results of this approach for Phase I enabled the Department to handle a 22% increase in obligated cases and increase collections by 26%.
 - CAMS automation has also enabled staff time to be redirected to more customer based activities.
-

Department of Revenue Agency-Wide E-Mail System Implementation

*Fiscal Year 2013-2014 Request: \$1,500,000 General Revenue
(Non-recurring)*

-
- \$1,500,000 in non-recurring General Revenue has been requested to implement a new agency-wide e-mail system. The Department's current e-mail system has been in use for approximately 18 years and is no longer adequate for agency needs.
 - The agency's current system lacks sufficient compatibility with systems and has become progressively more difficult to support. Because of its age, it cannot be upgraded to acceptable performance and functionality levels.
 - The requested amount was based on the estimated full cost of purchasing and implementing a department-wide solution, including acquiring client access licenses for all Department users.
-

Litigation of Centrally Assessed Railroad and Private Carlines

*Fiscal Year 2013-2014 Request: \$275,000 General Revenue
(Recurring)*

-
- \$275,000 in recurring funding is requested for potential litigation costs that could result from the Department's central assessment of railroads and private carlines.
 - The Property Tax Oversight Program is responsible for conducting annual, central assessments of all railroad and private carline property located in Florida. The program provides its assessments to property appraisers and railroad companies, and participates in informal conferences in an effort to resolve disputes over assessed values.
 - Differences in assessment methodologies may increase the potential for litigation that will require resources beyond those currently in the program's budget.
-

Increased Cost for 11th Judicial Circuit State Attorney's Contract with Child Support Enforcement Program

Fiscal Year 2013-2014 Request: \$213,844

\$72,707 General Revenue; \$141,137 Federal Funds (Recurring)

- \$213,844 in recurring funding is requested to reimburse the Miami-Dade County State Attorney's Office (SAO) for operational cost increases based on its partnership with the Department's Child Support Enforcement Program.
 - The Miami-Dade SAO provides child support services in Miami-Dade County pursuant to a cost reimbursable contract with the Department. In December 2011, the SAO relocated to new offices and incurred cost increases for rent and technology costs.
 - Funding to cover these cost increases is not available in the SAO's current child support contract with the Department, and will have to be absorbed by the SAO if this issue is not funded.
 - The SAO has requested companion issues to increase its Fiscal Year 2013-2014 appropriation by \$213,844.
-

Child Support Special Improvement Grant Federal Spending Authority

*Fiscal Year 2013-2014 Request: \$100,000 Federal Funds
(Non-recurring)*

-
- \$100,000 in non-recurring spending authority is requested for a Special Improvement Project (SIP) grant that has been awarded to the Child Support Enforcement Program.
 - The 11th Judicial Circuit State Attorney's Office, which operates the child support program in Miami-Dade County, will administer the Child Support and Parent Time-Sharing Plan Establishment Project.
 - The project will facilitate development of court-approved parenting plans that include parent time-sharing for 300 families seeking child support order establishment. It will also support establishing accurate child support amounts in court orders based on court-approved parent time-sharing plans.
 - The project incorporates the services of domestic violence organizations and Family Court Services to assist families in implementing parenting plans in the best interests of their children. It assists parents and children who are facing potential harm caused by domestic conflicts that may place them in emotional or physical jeopardy.
-

Department of Revenue Contacts

- **Marshall Stranburg**
Interim Executive Director
(850) 617-8950
- **Blanca Bayo**
Chief of Staff
(850) 617-8349
- **Ann Coffin**
Director of Child Support Enforcement
(850) 717-7000
- **Maria Johnson**
Director of General Tax Administration
(850) 617-8441
- **James McAdams**
Director of Property Tax Oversight
(850) 717-6561
- **Tony Powell**
Director of Information Services
(850) 617-8700
- **Nancy Terrel**
General Counsel
(850) 617-8347
- **Sharon Doredant**
Inspector General
(850) 617-8152
- **Andrea Moreland**
Director of Legislative & Cabinet Services
(850) 617-8324
- **Lia Mattuski**
Director of Financial Management
(850) 617-8377
- **Jill Ghini**
Director of Workforce Management
(850) 617-8370
- **Patrick Loebig**
Taxpayer Rights Advocate
(850) 617-8168