



# RI Office of Management and Budget Performance Report

RI Dept. of Revenue – Division of Taxation & Office of Revenue Analysis

March 25, 2014

## Division of Taxation

The Division of Taxation’s mission is to administer and collect all taxes required by Rhode Island law in the most efficient and cost-effective manner, and to assist taxpayers in understanding and meeting their tax responsibilities. In FY 2014, Taxation has 208.0 authorized full-time equivalent (FTE) employees in six programs: Office of the Tax Administrator, Tax Processing, Compliance and Collections, Field Audit, Office of Assessment and Review, and Employer Tax. Taxation’s expenditures in FY 2014 are funded mostly by general revenue (84.8 percent), with federal funds, restricted receipts, and other funds accounting for 15.2 percent. Taxation’s largest expenditure category is personnel and contracted services (89.8 percent), followed by operating expenses (9.7 percent) and capital purchases (0.5 percent). The tables below show Taxation’s funding sources and categories of expenditures in FY 2014.<sup>1</sup>

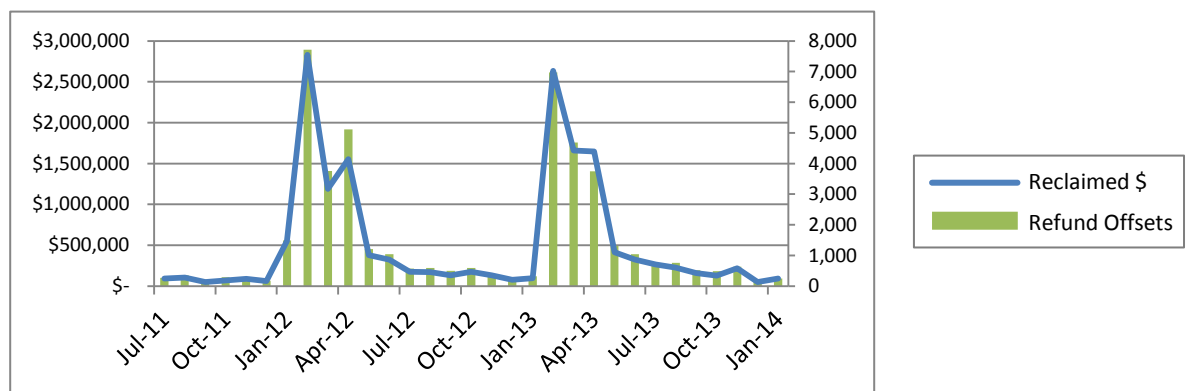
Taxation Expenditures by Source, FY 2014		
General Revenue	\$ 17,585,508	84.8%
Federal Funds	\$ 1,285,544	6.2%
Restricted Receipts	\$ 872,059	4.2%
Other Funds	\$ 989,213	4.8%
<b>Total</b>	<b>\$ 20,732,324</b>	<b>100.0%</b>

Taxation Expenditures by Category, FY 2014		
Personnel & Contracted Services	\$ 18,622,927	89.8%
Operating Supplies & Expenses	\$ 2,004,224	9.7%
Capital Purchases & Equipment	\$ 103,900	0.5%
Assistance and Grants	\$ 1,273	0.0%
<b>Total</b>	<b>\$ 20,732,324</b>	<b>100.0%</b>

## REFUND OFFSET PROGRAM

The Division of Taxation and various state agencies participate in a refund offset program. This program allows Taxation to offset personal income tax refunds to satisfy debts owed to other state agencies. This collection tool is low-cost and high-return for the participating agencies.

Figure A: Number of Refund Offsets and Reclaimed Dollars



### Key Points:

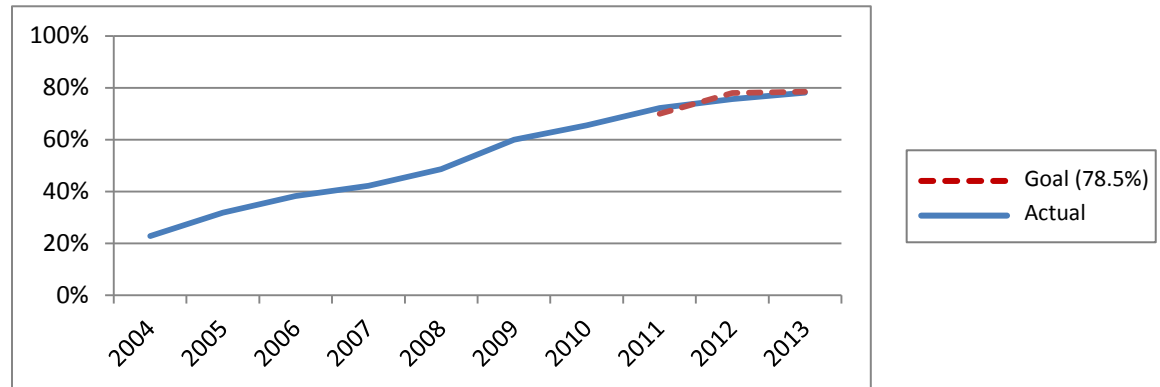
- In 2013, \$7,751,041 was reclaimed through refund offsets. Top recipients of these funds were the Division of Taxation (34.5 percent) for past-due taxes, the Department of Labor and Training (25.9 percent), the Department of Human Services for past-due child support (11.5 percent), the Rhode Island Judiciary (6.7 percent), local governments (5.3 percent), and the Internal Revenue Service (2.4 percent).

<sup>1</sup> Budget data are based on Governor Chafee’s FY 2014 revised budget request, submitted January 15, 2014. Additional budget information for the Division of Taxation is available at [http://www.budget.ri.gov/Documents/CurrentFY/BudgetVolume1/4\\_Department%20of%20Revenue.pdf](http://www.budget.ri.gov/Documents/CurrentFY/BudgetVolume1/4_Department%20of%20Revenue.pdf).

## ELECTRONIC TAX RETURN FILINGS

The Division of Taxation participates in the federal/state electronic filing program (E-File), and the number of E-Filed returns has increased each year the program has been in operation. E-Filed returns benefit both the state and the taxpayers.

Figure B: Percent of Personal Income Tax Returns Filed Electronically



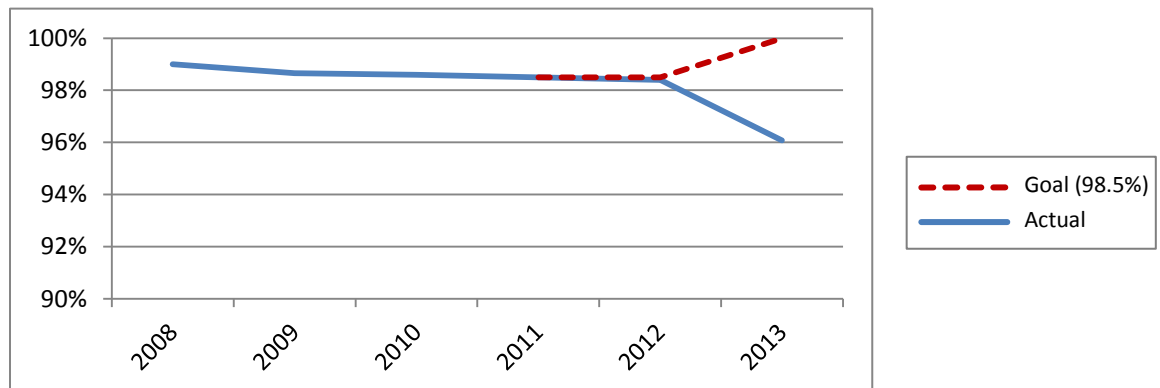
**Key Points:**

- In calendar year 2013, 624,074 Rhode Island personal income tax returns were filed. Of those, 487,436 (78.1 percent) were filed electronically.
- E-filing saves the state money on processing paper returns, while taxpayers receive their refunds faster.

## TAX REFUND MAILINGS

Under Rhode Island General Laws (44-30-88(c)), the Division of Taxation is required to mail individual tax refunds within 90 days of due date. If the refund is not mailed within 90 days, the state must pay interest on the refund owed. Taxation has set a higher goal of sending refunds within 30 days.

Figure C: Percent of Refunds Mailed Within 30 Days



**Key Points:**

- In 2013, the Division of Taxation issued 474,734 refunds, totaling \$266,733,803. Of all returns, 97.1 percent were mailed within 30 days, down from 98.4 percent in 2012.

## Office of Revenue Analysis

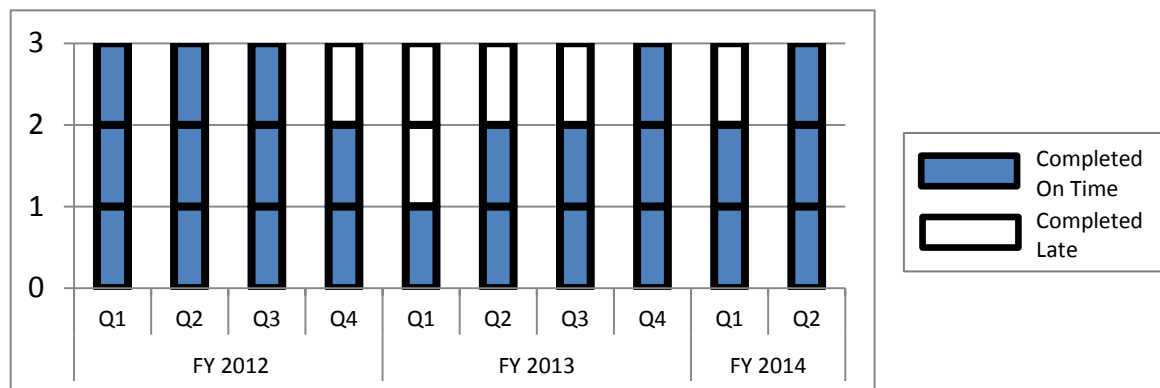
The Office of Revenue Analysis (ORA) is responsible for analyzing, evaluating, and appraising the tax system of the State of Rhode Island, and for making recommendations for its revision in accordance with the best interests of the economy of Rhode Island. ORA is responsible for preparing the biennial tax expenditures report and cost-benefit analyses of all tax proposals. It also prepares fiscal notes as required by state law as such notes pertain to revenues. ORA publishes a report on monthly and fiscal year-to-date cash collections and a monthly report that compares adjusted revenue collections to estimated revenues on a monthly and fiscal year-to-date basis. Finally, ORA supports the Budget Office in forecasting the state's general revenues, which are used for the biannual Revenue Estimating Conference and the Governor's recommended budget.

In FY 2014, ORA has 4.0 authorized full-time equivalent (FTE) employees. It is budgeted \$520,437 in expenditures, funded entirely with general revenue.<sup>2</sup> Of those expenditures, \$497,100 (95.5 percent) is allocated for personnel, \$22,312 (4.3 percent) for operating supplies and expenses, and \$1,025 for Capital Purchases & Equipment (0.2 percent).

### REVENUE ASSESSMENT REPORTS

ORA issues a monthly revenue assessment report. ORA's goal is to issue these reports within 10 business days after receipt of the data from the Office of Accounts and Control. The purpose of the revenue assessment report is to give readers a sense of how the state's general revenues compare to those that might be expected if the official revenue estimate was being met based on ORA's allocation of the official revenue estimates.

Figure D: Number of Monthly Revenue Assessment Reports Completed within 10 Business Days



#### Key Points:

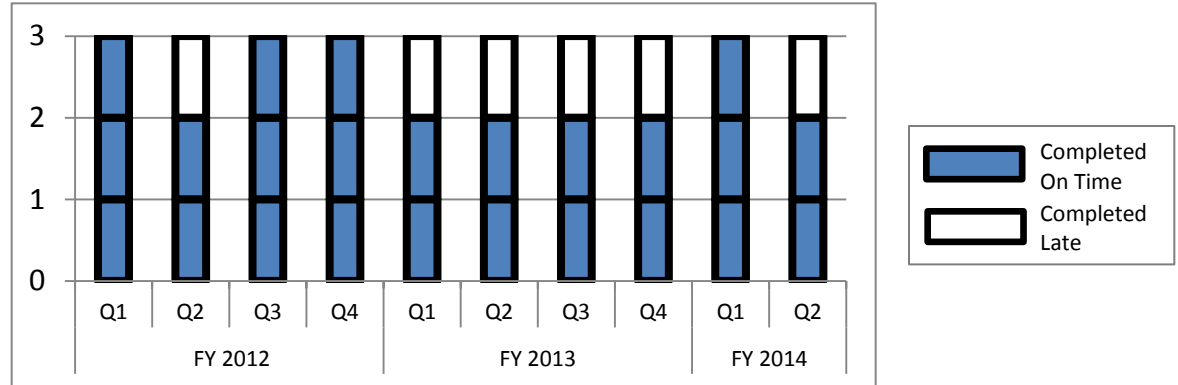
- The monthly revenue assessment report compares adjusted revenues, on a monthly and fiscal year-to-date basis, to the Office of Revenue Analysis' monthly and fiscal year-to-date estimate of revenues based on the current fiscal year enacted revenue estimate.
- Since the beginning of FY 2012, ORA has completed 24 of 30 (80.0 percent) revenue assessment reports within the 10-day timeframe.

<sup>2</sup> Budget data are based on Governor Chafee's FY 2014 revised budget request, submitted January 15, 2014. Additional budget information for the Division of Taxation is available at [http://www.budget.ri.gov/Documents/CurrentFY/BudgetVolume1/4\\_Department%20Of%20Revenue.pdf](http://www.budget.ri.gov/Documents/CurrentFY/BudgetVolume1/4_Department%20Of%20Revenue.pdf).

## CASH COLLECTION REPORTS

The Office of Revenue Analysis issues a monthly cash collections report. The Office's goal is to issue these reports within 10 business days after receipt of the data from the Office of Accounts and Control.

Figure E: Number of Monthly Cash Collection Reports Completed within 10 Business Days



### Key Points:

- The cash collections report is a comprehensive analysis of fiscal year-to-date and monthly cash collections on all revenue sources estimated by the members of the Revenue Estimating Conference.
- Since the beginning of FY 2012, ORA has completed 24 of 30 (80.0 percent) cash collection reports within the 10-day timeframe.

## OTHER REPORTS

In addition to the reports above, the Office of Revenue Analysis produces a number of other reports to inform policymakers and the public.

Report Name	Description of Report	Date Due	Previous Reports
Tax Expenditures Report	The report provides information for 100% of tax expenditures in effect in the previous calendar year.	Second Tuesday in January of each even-numbered year.	2014 (Pending) 2012 (Aug. 2012) 2010 (Oct. 2010) 2008 (Jan. 2008)
Tax Expenditures Report Supplement	This report is a new section that is to be added to the biennial Tax Expenditures Report. It includes additional analyses of economic development tax incentives.	January 10, 2014 (Provide a three-year plan for completion)	Pending
Annual Unified Economic Development Report	The report provides information about recipients of economic development tax credits or other tax benefits. The report includes recipients of tax benefits as well as whether job creation and retention, wage and benefit goals and requirements have been met.	January 15 of each state fiscal year	FY 2011 (Mar. 2013)
Annual Unified Economic Development Report Supplement	This report is a new section to the annual Unified Economic Development Report. It requires that a cost-benefit analysis on the tax incentives in that report.	January 15, 2014	Pending
Monthly Local 1.0 Percent Hotel Tax Collections Report	The report shows the amount of local 1.0 percent hotel tax revenues received by each municipality.	Seven business days after receipt of the information from the Division of Taxation.	Dec. 2013
Monthly Local 1.0 Percent Meal and Beverage Tax Collections Report	The report shows the amount of local 1.0 percent meal and beverage tax revenues received by municipality.	Seven business days after receipt of the information from the Division of Taxation.	Dec. 2013
Monthly State 5.0 Percent Hotel Tax Collections Report	The report shows the state 5.0 percent hotel tax revenues and the distribution among the regional tourism districts, the Providence Warwick Convention and Visitors Bureau, the Rhode Island Convention Center Authority, the state, and municipalities.	Seven business days after receipt of the information from the Division of Taxation.	Nov. 2013