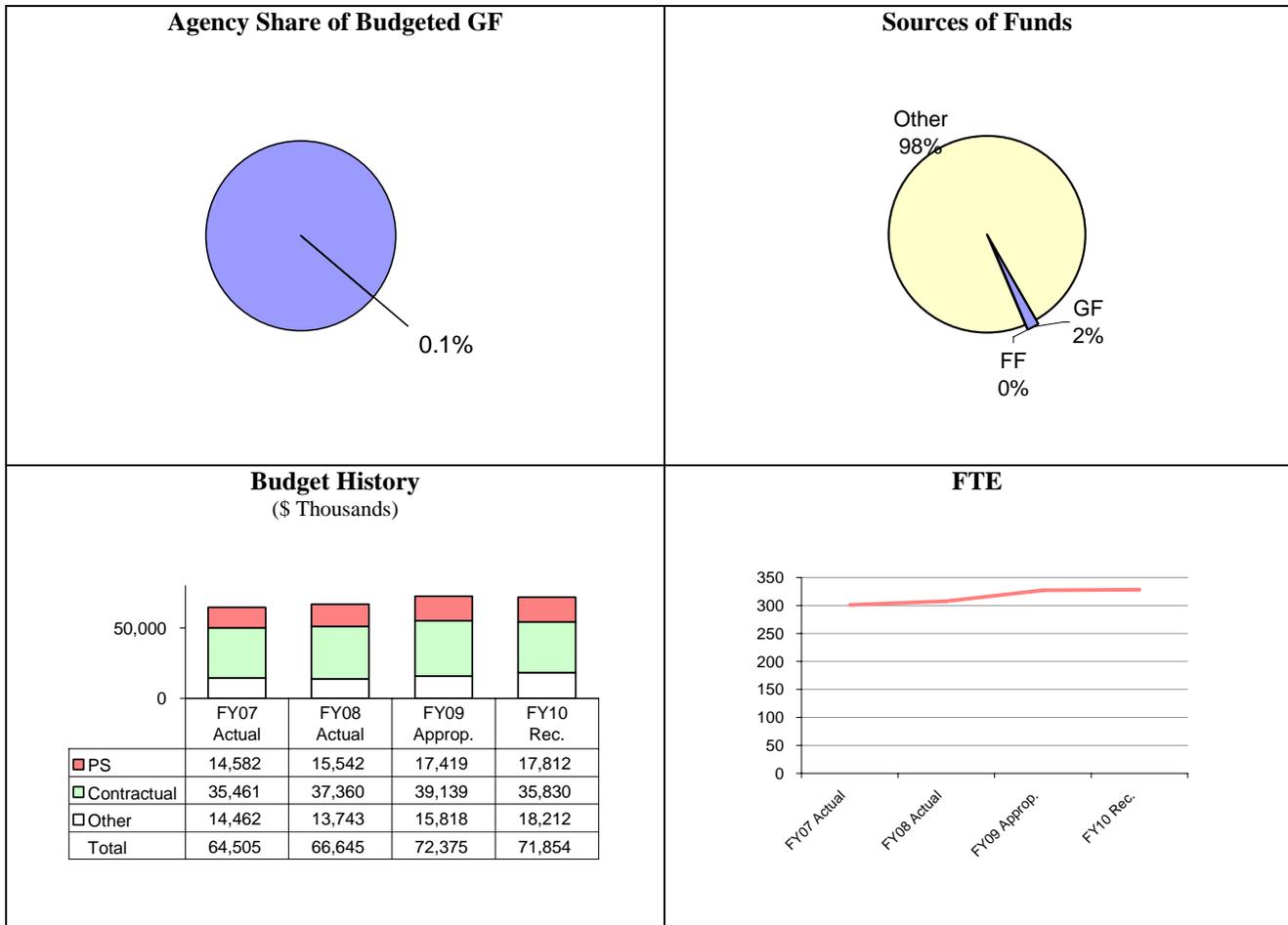


# FY10 Budget Briefing

## Department of Revenue and Regulation



### Key Responsibilities

- To provide the revenue necessary for the support of state and local government programs through the fair and consistent application of the tax laws and through a comprehensive program of education that explains the responsibilities and rights of taxpayers;
- To operate the state lottery established in SDCL 42-A in a secure, efficient, and profitable manner;
- To provide for the safety and well-being of consumers and the general public by regulating the banking, securities, insurance, gaming, and racing industries; and
- To protect the interest of the public when engaged in a real estate transaction; to promote ethical standards for abstractors; and, to assist in cleanup of petroleum spills.

### Key Personnel

Paul Kinsman, Secretary  
David Wiest, Deputy Secretary

Joan Serfling, Director of Administrative Services

## Department of Revenue and Regulation Total

For FY10, the Governor recommends a decrease of \$521,041 from all funds and an increase of 1.0 FTE from FY09. The FY10 recommended budget consists of \$1,324,081 from general funds and \$70,529,964 in other fund expenditure authority, for a total budget of \$71,854,045 and 328.1 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	15,541,710	17,418,787	17,525,660	17,812,161	393,374	2.3%
Travel	995,510	1,125,841	1,126,901	1,119,921	(5,920)	(0.5%)
Contractual Services	37,359,827	39,138,762	35,841,118	35,830,152	(3,308,610)	(8.5%)
Supplies & Materials	2,088,232	2,797,971	4,913,986	5,224,486	2,426,515	86.7%
Grants And Subsidies	9,956,452	11,175,000	11,175,000	11,175,000	-	0.0%
Capital Outlay	448,931	450,725	427,965	424,325	(26,400)	(5.9%)
Other	254,141	268,000	268,000	268,000	-	0.0%
<b>Total</b>	<b>66,644,803</b>	<b>72,375,086</b>	<b>71,278,630</b>	<b>71,854,045</b>	<b>(521,041)</b>	<b>(0.7%)</b>
<b>Funding Types</b>						
General	1,254,693	1,329,702	1,303,333	1,324,081	(5,621)	(0.4%)
Federal	418,069	546,000	-	-	(546,000)	(100.0%)
Other	64,972,041	70,499,384	69,975,297	70,529,964	30,580	0.0%
<b>Total</b>	<b>66,644,803</b>	<b>72,375,086</b>	<b>71,278,630</b>	<b>71,854,045</b>	<b>(521,041)</b>	<b>(0.7%)</b>
FTE	307.4	327.1	329.1	328.1	1.0	0.3%

The Governor's recommendation throughout this analysis also includes funding for Performance And Compensation Equity (PACE) movement of 2.5% for those employees who are paid under the job-worth of their pay range, a 1.5% across-the-board increase for all permanent employees, and an increase in the employer paid portion of the state health insurance plan. The recommended amounts for each segment of the compensation package are as follows:

	General Funds	Federal Funds	Other Funds	Total
2.5% PACE Movement	5,842	0	95,868	101,710
1.5% Across-the-Board	13,440	0	220,553	233,993
Health Insurance	1,466	0	25,405	26,871
	20,748	0	341,826	362,574

## Major Expansions and Reductions

Governor's Recommendation			
Program	State General Fund	All Funds	FTE
<b>Business Tax</b>			
Supplies and Materials	-	47,830	0.0
<b>Motor Vehicles</b>			
Contractual Services		(1,455,000)	0.0
Supplies and Materials	-	2,378,685	0.0
<b>Property and Special Taxes</b>			
Personal Services	107,925	107,925	2.0
Operating Expenses	58,680	58,680	0.0
<b>Audits</b>			
Personal Services	(164,594)	(164,594)	(2.0)
Operating Expenses	(28,380)	(28,380)	0.0
<b>Banking</b>			
Personal Services	-	76,074	1.0
Operating Expenses	-	(16,230)	0.0
<b>Securities</b>			
Personal Services	-	11,395	0.0
<b>Video Lottery</b>		(1,900,000)	0.0
<b>Governor's Salary Policy</b>	20,748	362,574	0.0
<b>Total</b>	<b>(5,621)</b>	<b>(521,041)</b>	<b>1.0</b>

### Business Tax:

- Supplies and Materials- The Governor recommends an increase of \$47,830 in other fund expenditure authority due to a 7% increase in postage rates, a 9% increase in the number of active licensees, and a 29% increase in the number of billing notices experienced over the past three years. The department does promote the ability to receive newsletters by e-mail and file and pay taxes on-line, but this is optional to the taxpayer.

### Motor Vehicles:

- Contractual Services- The Governor recommends a decrease of \$1,455,000 (\$546,000 federal, \$909,000 other) for the development costs for the International Registration Plan/International Fuel Tax Agreement (IRP/IFTA) system that was budgeted for in FY09. The development of this system will take place in FY09 and FY10. At the end of FY09, a contract carryover for the balance of the contract will be completed carrying the balance of the FY09 budget authority into FY10 to complete the work. After development, annual maintenance costs for the system are \$260,000.
- Supplies and Materials- The Governor recommends an increase of \$2,378,685 for FY10. The increase includes:
  - \$2,205,540 for FY10 costs associated with the 2011 new license plate issue. Approximately 1.4 million sets of plates will be produced at \$2.82 per set for materials and estimated production costs of \$450,000. A large number of plates will need to be completed by June 2010. The division estimates 60% of the total costs for the new

license plates will be billed to the department in FY10 with the remainder effecting the FY11 budget.

- \$173,145 for additional postage costs. With the development of the on-line registration system, the counties will no longer be handling the registration notifications. The division will be assuming the responsibility of mailing out registration notifications to motor vehicle owners. Approximately 534,400 notifications will be mailed annually at the current postage rate of \$0.324 per notification.

### **Property and Special Taxes:**

- Personal Services- The Governor recommends an increase of \$107,925 from general funds and 2.0 FTEs to address the increasing workload in both the Property Tax and Special Tax area. The division has been impacted by many changes in legislation over the past year, including changes in wine, alcohol, and liquor licenses for special taxes and changes in the valuation of agriculture land for property taxes. In addition, both sections have the department experts without backup and both of these individuals are eligible or almost eligible for retirement. As critical as these two areas are, the department can not be found in the position of having only one person with the ability to provide time sensitive information. This recommendation is reactive to that very situation that happened during a task force meeting in the summer of 2008.
- Travel- The Governor recommends an increase of \$2,100 for the two new FTEs to travel to official county and city meetings to provide assistance.
- Contractual Services- The Governor recommends an increase of \$53,080 from general funds for FY10. The increase includes:
  - \$50,000 for the department to contract for bank franchise tax auditing. A national tax organization, the Multistate Tax Commission (MTC), does conduct multistate audits with regards to various taxes. If MTC does not have the expertise to audit bank franchise tax, then the department will search for an accounting firm or experienced individual who can audit several banks to determine if there is value in conducting these audits on an ongoing basis.
  - \$2,700 for computer services and \$380 for insurance premiums for the two new FTEs.
- Capital Outlay- The Governor recommends an increase of \$3,500 for computer hardware and software and office furniture for the two additional FTEs.

### **Audits:**

- Personal Services- The Governor recommends a decrease of \$164,594 from general funds and 2.0 FTEs for two bank franchise tax auditors that were approved in the FY09 budget. In FY09, the intention was to find qualified individuals to conduct bank franchise tax audits for the state. The positions were classified, announced, and advertised, but the department was not able to find any qualified applicants. Without qualified staff to fill the positions for the purpose explained in the FY09 budget request, the positions are not needed.
- The Governor also recommends a decrease of \$15,000 in travel, \$6,880 in contractual services, and \$6,500 in capital outlay due to the reduction of two bank franchise tax auditors as explained above.

**Banking:**

- Personal Services- The Governor recommends an increase of \$76,074 (\$62,000 salary, \$14,074 benefits) in other fund expenditure authority and 1.0 FTE for an additional financial institution examiner. This position will supervise and examine the rapidly growing bank assets in South Dakota. Growth in assets has been extraordinary and is expected to continue:

<b>Banks</b>			<b>Trust Companies</b>		
Year-End	Total Assets	Annualized Growth	Year-End	Total Assets	Annualized Growth
1999	\$ 7,418,209,000		1999	\$ 10,559,109,000	
2000	\$ 8,447,080,000	14%	2000	\$ 12,873,079,000	22%
2001	\$ 8,607,563,000	2%	2001	\$ 13,788,677,000	7%
2002	\$ 9,514,615,000	11%	2002	\$ 14,996,921,000	9%
2003	\$ 9,728,158,000	2%	2003	\$ 15,367,635,000	2%
2004	\$ 11,149,770,000	15%	2004	\$ 24,810,448,000	61%
2005	\$ 11,532,593,000	3%	2005	\$ 34,669,887,000	40%
2006	\$ 13,225,732,000	15%	2006	\$ 39,388,934,000	14%
2007	\$ 18,619,500,000	41%	2007	\$ 44,529,355,000	13%

The Governor’s recommended appropriation also includes an increase of \$28,580 in other fund expenditure authority for FY10 salary policy.

- Travel- The Governor recommends an increase of \$6,980 in other fund expenditure authority in travel expenses for the new FTE.
- Contractual Services- The Governor recommends an increase of \$190 in other fund expenditure authority for an increase in the state's liability insurance assessment for the new FTE.
- Capital Outlay- The Governor recommends a decrease of \$23,400 in other fund expenditure authority primarily due to fewer hardware purchases in FY10.

**Securities:**

- Personal Services- The Governor recommends an increase of \$11,395 in other fund expenditure authority to bring salaries up to the duty and expertise levels of certain positions within the division. The division plans to submit a proposal to the Bureau of Personnel for salary adjustments for the Program Assistant II and the Enforcement Attorney to adequately compensate these individuals for their expertise and knowledge in the securities area.

**Video Lottery:**

- Contractual Services- The Governor recommends a decrease of \$1,900,000 in other fund expenditure authority for FY10. In FY09, \$2,400,000 was appropriated for the replacement of the video lottery central system. The current contract expires August 2009 with all contract extensions exercised. The remaining \$500,000 from the FY09 appropriation will continue and be used for the payments of the new contract. The highly sophisticated central system monitors all functions of every terminal, polls each terminal daily to collect account data, and generates bi-weekly billings to collect the state's share from the machine owners.

## Secretariat

The total recommended budget for the Secretariat consists of \$166,936 from general funds, and \$3,688,881 in other fund expenditure authority, for a total budget of \$3,855,817 and 39.5 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	2,193,221	2,302,280	2,302,280	2,349,800	47,520	2.1%
Travel	53,774	72,066	72,066	72,066	-	0.0%
Contractual Services	1,514,513	1,340,065	1,350,841	1,340,065	-	0.0%
Supplies & Materials	76,489	78,986	78,986	78,986	-	0.0%
Grants And Subsidies		-	-	-	-	0.0%
Capital Outlay	36,467	14,900	14,900	14,900	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>3,874,464</b>	<b>3,808,297</b>	<b>3,819,073</b>	<b>3,855,817</b>	<b>47,520</b>	<b>1.2%</b>
<b>Funding Types</b>						
General	365,886	164,650	164,650	166,936	2,286	1.4%
Federal	-	-	-	-	-	0.0%
Other	3,508,578	3,643,647	3,654,423	3,688,881	45,234	1.2%
<b>Total</b>	<b>3,874,464</b>	<b>3,808,297</b>	<b>3,819,073</b>	<b>3,855,817</b>	<b>47,520</b>	<b>1.2%</b>
FTE	39.9	39.5	39.5	39.5	-	0.0%

## Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Internet and Phone Filing Collections	507,779,452	568,048,927	595,000,000	625,000,000
Remittance Center Collections:				
Department Collections	795,688,698	803,501,475	800,000,000	795,000,000
Other State Agency Collections	103,222,974	109,982,180	110,000,000	110,000,000
Appraiser Certification:				
New Application Fees	10,590	16,145	16,145	16,145
Renewal Fees	80,535	79,335	79,335	79,335
Investment Council Interest	5,241	7,015	7,015	7,015
Reciprocity Fees	6,500	7,750	7,750	7,750
Temporary Fees	11,400	13,500	13,500	13,500
Upgrade Review Fees	1,725	3,875	3,875	3,875
Penalty/Discipline Fees	3,300	3,158	3,158	3,158
Course Fees	5,750	7,500	7,500	7,500
Penalty/Renewals	925	1,750	1,750	1,750
Supervisor/Trainee Applications *			10,000	10,000
<b>Total</b>	<b>1,406,817,090</b>	<b>1,481,672,610</b>	<b>1,505,150,028</b>	<b>1,530,150,028</b>

\* Supervisor/Trainee Applications pending Rule Adoption planned for January 1, 2009. Application fee is \$100 per application.

- Personal Services- The Governor's recommended appropriation includes an increase of \$47,520 (\$2,286 general, \$45,234 other) for FY10 salary policy.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Collections:				
Centralized Collections	\$8,650,471	\$8,682,811	\$8,700,000	\$8,700,000
Department Cases Opened	568	596	595	600
ISB Investigations	128	119	125	125
Department Documents Processed	478,180	473,062	469,000	464,000
Other Department Documents Processed	54,020	53,791	52,500	51,500
E-Newsletters	62,854	68,682	70,500	72,500
Tri-State Sales Tax Seminars	2/61	3/127	2/125	2/125
Appraisers--New/Renewed Licenses	17/360	22/354	22/354	22/354
Complaints Received (Appraisers)	8	9	9	9
Upgrade/New Application Reviews	20/2	34/3	34/3	34/3
Reciprocity/Temporary	20/76	22/90	22/90	22/90
Course Applications	115	150	150	150
Supervisor/Trainees *	0	0	100	100

\* Supervisor/Trainees pending Rule Adoption planned for January 1, 2009.

## **Business Tax**

The total recommended budget for the Business Tax Division consists of \$3,696,673 in other fund expenditure authority and 51.0 FTEs.

	<b>Actual FY08</b>	<b>Budgeted FY09</b>	<b>Agency Req. FY10</b>	<b>Gov Rec. FY10</b>	<b>Inc/Dec FY10</b>	<b>% Change From FY09</b>
Personal Services	2,275,260	2,534,444	2,534,444	2,587,173	52,729	2.1%
Travel	116,682	110,293	110,293	110,293	-	0.0%
Contractual Services	418,128	514,328	514,328	514,328	-	0.0%
Supplies & Materials	484,034	412,840	460,670	460,670	47,830	11.6%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	42,054	24,209	24,209	24,209	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>3,336,158</b>	<b>3,596,114</b>	<b>3,643,944</b>	<b>3,696,673</b>	<b>100,559</b>	<b>2.8%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	3,336,158	3,596,114	3,643,944	3,696,673	100,559	2.8%
<b>Total</b>	<b>3,336,158</b>	<b>3,596,114</b>	<b>3,643,944</b>	<b>3,696,673</b>	<b>100,559</b>	<b>2.8%</b>
FTE	47.8	51.0	51.0	51.0	-	0.0%

## **Revenues**

	<b>Actual FY07</b>	<b>Actual FY08</b>	<b>Estimated FY09</b>	<b>Estimated FY10</b>
Other Agency Collections	7,576,372	9,185,068	9,200,000	9,200,000
Collections:				
State Sales Tax	612,427,671	653,460,096	675,000,000	700,000,000
Excise Tax	78,790,924	78,978,429	80,000,000	82,000,000
Telecom Excise Tax	9,999,433	10,831,527	10,500,000	10,500,000
City/Reservation Taxes	261,016,830	277,379,927	285,000,000	290,000,000
Reserved for Construction Project Refunds	11,526,124	25,866,090	15,000,000	15,000,000
<b>Total</b>	<b>981,337,354</b>	<b>1,055,701,137</b>	<b>1,074,700,000</b>	<b>1,106,700,000</b>

- **Personal Services**- The Governor's recommended appropriation includes an increase of \$52,729 in other fund expenditure authority for FY010 salary policy.
- **Supplies and Materials**- The Governor recommends an increase of \$47,830 in other fund expenditure authority due to a 7% increase in postage rates, a 9% increase in the number of active licensees, and a 29% increase in the number of billing notices experienced over the past three years. The department does promote the ability to receive newsletters by e-mail and file and pay taxes on-line, but this is optional to the taxpayer.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Cities/Tribes with Sales/Use Tax	221	224	230	232
Total Active Licenses	72,315	73,456	74,925	76,423
Delinquent/Out-of-Balance Notices	145,198	154,891	150,000	145,000
Licensee Reviews *	804	731	750	780
Balance of Active Accounts Receivable (July 1)	\$3,830,933	\$4,409,831	\$4,600,000	\$4,900,000
Total Paper Returns Processed	416,223	409,219	404,000	400,000
Internet and Phone Returns	78,262	91,768	98,000	102,000
Returns Out of Balance	121,875	123,021	123,000	120,000
800 Phone Bank Calls	40,000	34,308	35,000	35,000

\* Licensee reviews are an information interview with sales and contractor's excise licensees where the Revenue Agent explains how the applicable tax applies to that specific type of business. These reviews are not a detailed audit conducted on a business, but rather are targeted at 90% of the businesses that would not normally receive specific attention because of a delinquency, or an audit.

- All of the other funds that support this program are from the Sales and Use Tax Collection Fund, created in SDCL 10-1-44:

**10-1-44. Establishment of sales and use tax collection fund.** There shall be established within the state treasury the sales and use tax collection fund for the purpose of administering the sales, use, municipal non-ad valorem, and contractors' excise taxes. Charges for the administration and collection of taxes collected pursuant to chapter 10-52 shall be deposited into the sales and use tax collection fund. In addition, the secretary of the Department of Revenue and Regulation shall, on a monthly basis, deposit revenue collected as a result of taxes imposed in chapters 10-45, 10-46, and 10-58 in the sales and use tax collection fund. The total amount deposited in the sales and use tax collection fund may not exceed the amount budgeted for such purposes. All money in the fund created by this section shall be budgeted and expended in accordance with the provisions of Title 4 on warrants drawn by the state auditor on vouchers approved by the secretary of the Department of Revenue and Regulation.

At the end of each fiscal year any cash balance left in the sales and use tax collection fund shall be transferred to the general fund.

**Source:** SL 1994, ch 95, § 1; SL 2003, ch 272, § 82.

## Motor Vehicles

The Division administers all fuel taxes pursuant to SDCL 10-47B, as well as licensing, titling, and registration of boats, trailers, and motorized vehicles pursuant to SDCL Title 32.

The total recommended budget for the Division of Motor Vehicles consists of \$8,084,580 in other fund expenditure authority and 49.1 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	1,796,780	2,021,092	2,021,092	2,062,757	41,665	2.1%
Travel	40,825	56,650	56,650	56,650	-	0.0%
Contractual Services	2,418,290	3,854,065	2,399,065	2,399,065	(1,455,000)	(37.8%)
Supplies & Materials	746,084	1,124,604	3,192,789	3,503,289	2,378,685	211.5%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	178,181	62,819	62,819	62,819	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>5,180,160</b>	<b>7,119,230</b>	<b>7,732,415</b>	<b>8,084,580</b>	<b>965,350</b>	<b>13.6%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	418,069	546,000	-	-	(546,000)	(100.0%)
Other	4,762,091	6,573,230	7,732,415	8,084,580	1,511,350	23.0%
<b>Total</b>	<b>5,180,160</b>	<b>7,119,230</b>	<b>7,732,415</b>	<b>8,084,580</b>	<b>965,350</b>	<b>13.6%</b>
FTE	46.3	49.1	49.1	49.1	-	0.0%

## Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Motor Vehicle Fees	89,651,986	94,236,474	97,000,000	98,200,000
Motor Vehicle Commercial Fees	14,207,032	15,169,457	15,600,000	15,600,000
Motor Fuel Taxes	138,737,571	145,688,345	138,000,000	135,000,000
<b>Total</b>	<b>242,596,589</b>	<b>255,094,276</b>	<b>250,600,000</b>	<b>248,800,000</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$41,665 in other fund expenditure authority for FY10 salary policy.
- Contractual Services- The Governor recommends a decrease of \$1,455,000 (\$546,000 federal, \$909,000 other) for the development costs for the International Registration Plan/International Fuel Tax Agreement (IRP/IFTA) system that was budgeted for in FY09. The development of this system will take place in FY09 and FY10. At the end of FY09, a contract carryover for the balance of the contract will be completed carrying the balance of the FY09 budget authority into FY10 to complete the work. After development, annual maintenance costs for the system are \$260,000.
- Supplies and Materials- The Governor recommends an increase of \$2,378,685 for FY10. The increase includes:
  - \$2,205,540 for FY10 costs associated with the 2011 new license plate issue. Approximately 1.4 million sets of plates will be produced at \$2.82 per set for materials and estimated production costs of \$450,000. A large number of plates will need to be

completed by June 2010. The division estimates 60% of the total costs for the new license plates will be billed to the department in FY10 with the remainder effecting the FY11 budget.

- \$173,145 for additional postage costs. With the development of the on-line registration system, the counties will no longer be handling the registration notifications. The division will be assuming the responsibility of mailing out registration notifications to motor vehicle owners. Approximately 534,400 notifications will be mailed annually at the current postage rate of \$0.324 per notification.
- Other funds in this division are from motor vehicle titling and licensing fees and a percentage of the motor fuel tax revenue (SDCL 10-47B-149).

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Certificates of Title Issued/Processing (Days)	370,816/10	382,860/10	383,000/10	383,000/10
Personal/Dealer License Plates Renewed	11,352/3,216	14,724/3,263	14,700/3,250	14,700/3,250
Vehicles Registered	1,129,972	1,168,616	1,168,000	1,168,000
Licensed Vehicle Dealers	1,770	1,385	1,385	1,385
IFTA Licenses	2,847	2,698	2,650	2,650
Suppliers/Out-of-State Suppliers	56	27	30	30
Importer/Exporter/Blender	308	457	500	500
Highway Contractors/Marketers	541/1,358	545/1,341	545/1,341	545/1,341
Gas Tax Refunds Processed	4,942	4,521	4,000	4,000
Power Units Prorated Under IRP	9,683	14,577	14,000	14,000
Prorate Trailer ID Plates Issued	789	1,088	1,000	1,000
Commercial Tonnage Stickers Sold	39,422	40,339	40,000	40,000
30-Day Commercial Permits Sold	3,600	4,849	4,000	4,000
Harvest Permits Sold	811	1,090	1,000	1,000

## Property and Special Taxes

The total recommended budget for the Property and Special Taxes Division consists of \$1,157,145 from general funds and 16.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	736,686	778,586	886,511	904,973	126,387	16.2%
Travel	33,437	37,098	39,198	39,198	2,100	5.7%
Contractual Services	78,097	101,507	154,587	154,587	53,080	52.3%
Supplies & Materials	30,807	46,187	46,187	46,187	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	9,780	8,700	12,200	12,200	3,500	40.2%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>888,807</b>	<b>972,078</b>	<b>1,138,683</b>	<b>1,157,145</b>	<b>185,067</b>	<b>19.0%</b>
<b>Funding Types</b>						
General	888,807	972,078	1,138,683	1,157,145	185,067	19.0%
Federal	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>888,807</b>	<b>972,078</b>	<b>1,138,683</b>	<b>1,157,145</b>	<b>185,067</b>	<b>19.0%</b>
FTE	13.7	14.0	16.0	16.0	2.0	14.3%

## Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Collections:				
Special Taxes - State Funds	111,641,652	123,414,526	123,000,000	124,087,260
Special Taxes - Local Governments	31,142,478	32,316,180	32,300,000	32,400,000
<b>Total</b>	<b>142,784,130</b>	<b>155,730,706</b>	<b>155,300,000</b>	<b>156,487,260</b>

- Personal Services- The Governor recommends an increase of \$107,925 from general funds and 2.0 FTEs to address the increasing workload in both the Property Tax and Special Tax area. The division has been impacted by many changes in legislation over the past year, including changes in wine, alcohol, and liquor licenses for special taxes and changes in the valuation of agriculture land for property taxes. In addition, both sections have the department experts without backup and both of these individuals are eligible or almost eligible for retirement. As critical as these two areas are, the department can not be found in the position of having only one person with the ability to provide time sensitive information. This recommendation is reactive to that very situation that happened during a task force meeting in the summer of 2008.

The Governor's recommended appropriation also includes an increase of \$18,462 from general funds for FY10 salary policy.

- Travel- The Governor recommends an increase of \$2,100 for the two new FTEs to travel to official county and city meetings to provide assistance.

- Contractual Services- The Governor recommends an increase of \$53,080 from general funds for FY10. The increase includes:
  - \$50,000 for the department to contract for bank franchise tax auditing. A national tax organization, the Multistate Tax Commission (MTC), does conduct multistate audits with regards to various taxes. If MTC does not have the expertise to audit bank franchise tax, then the department will search for an accounting firm or experienced individual who can audit several banks to determine if there is value in conducting these audits on an ongoing basis.
  - \$2,700 for computer services and \$380 for insurance premiums for the two new FTEs.
  
- Capital Outlay- The Governor recommends an increase of \$3,500 for computer hardware and software and office furniture for the two additional FTEs.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Tax Refund Applications Received	3,259	3,081	3,100	3,000
Applications Refunded/Denied	3,057/202	2,823/258	2,800/300	2,750/250
Tax Refunded	\$624,468	\$564,634	\$509,000	\$505,000
Bank Franchise Tax Performance Indicators:				
Bank Franchise Returns	886	650	675	675
Bank Franchise Qtr Reports Filed	518	264	250	250
Tobacco Performance Indicators:				
Cigarette Wholesaler and Distributor Licenses	59	77	80	80
Cigarette Retailers Registered	N/A	2,548	2,550	2,550
Cigarette Stamps	42,705,784	39,363,703	39,000,000	39,000,000
Other Tobacco Products Reports Filed	828	892	960	960
Retail Compliance Checks	592	1,268	1,280	1,300
Cigarette Seizures	725 packs	367 packs	300 packs	300 packs
Alcohol Performance Indicators:				
Liquor and Beer Licenses	5,613	5,503	5,600	5,600
Alcohol Related Phone Calls Received	4,395	4,057	4,100	4,100
Property Tax Performance Indicators:				
Assessors Certified/Attendance at Annual School	161/131	147	147	147
Tax Increment Finance Districts	116	135	135	135
Levies Approved	3,640	3,720	3,720	3,720

## Audits

The total recommended budget for the Audit Division consists of \$3,687,805 in other fund expenditure authority and 56.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	2,801,881	3,223,052	3,058,458	3,122,128	(100,924)	(3.1%)
Travel	279,614	321,221	306,221	306,221	(15,000)	(4.7%)
Contractual Services	141,447	190,820	183,940	183,940	(6,880)	(3.6%)
Supplies & Materials	31,700	32,086	32,086	32,086	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	67,323	49,930	43,430	43,430	(6,500)	(13.0%)
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>3,321,965</b>	<b>3,817,109</b>	<b>3,624,135</b>	<b>3,687,805</b>	<b>(129,304)</b>	<b>(3.4%)</b>
<b>Funding Types</b>						
General	-	192,974	-	-	(192,974)	(100.0%)
Federal	-	-	-	-	-	0.0%
Other	3,321,965	3,624,135	3,624,135	3,687,805	63,670	1.8%
<b>Total</b>	<b>3,321,965</b>	<b>3,817,109</b>	<b>3,624,135</b>	<b>3,687,805</b>	<b>(129,304)</b>	<b>(3.4%)</b>
FTE	53.1	58.0	56.0	56.0	(2.0)	(3.4%)

- **Personal Services-** The Governor recommends a decrease of \$164,594 from general funds and 2.0 FTEs for two bank franchise tax auditors that were approved in the FY09 budget. In FY09, the intention was to find qualified individuals to conduct bank franchise tax audits for the state. The positions were classified, announced, and advertised, but the department was not able to find any qualified applicants. Without qualified staff to fill the positions for the purpose explained in the FY09 budget request, the positions are not needed.

The Governor's recommended appropriation includes an increase of \$63,670 in other fund expenditure authority for FY10 salary policy.

- The Governor also recommends a decrease of \$15,000 in travel, \$6,880 in contractual services, and \$6,500 in capital outlay due to the reduction of two bank franchise tax auditors as explained above.

### Selected Statistical Data

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Assessments/Audits:				
Sales & Use/Excise	\$18,958,713/1,295	\$15,244,806/1,360	\$15,265,000/1,360	\$15,725,000/1,300
IFTA, Motor Fuel, Prorate	\$395,591/329	\$419,944/318	\$525,000/325	\$600,000/340
Combined Sales Tax/Fuel Tax	\$19,354,304/1,624	\$15,664,750/1,678	\$15,790,000/1,675	\$16,325,000/1,640

Audit assessments and audit estimates have been based on the level of experience of the audit staff. The audit staff consists of 40 Sales, Use, and Excise Tax auditors, six Fuel tax auditors and four audit managers. Currently 63% of the audit staff, or 29 auditors are at the senior audit level. The level of experience has a direct effect on the number and types of audits that can be completed. Auditors reach Senior Auditor status after 4our years and at that time are capable of completing large complex audits, with potential for larger assessments.

## **Banking**

The total recommended budget for the Division of Banking consists of \$1,944,604 in other fund expenditure authority and 21.5 FTEs.

	<b>Actual FY08</b>	<b>Budgeted FY09</b>	<b>Agency Req. FY10</b>	<b>Gov Rec. FY10</b>	<b>Inc/Dec FY10</b>	<b>% Change From FY09</b>
Personal Services	1,191,014	1,287,899	1,440,046	1,392,553	104,654	8.1%
Travel	149,173	153,402	167,362	160,382	6,980	4.6%
Contractual Services	547,198	367,332	367,712	367,522	190	0.1%
Supplies & Materials	23,584	18,407	18,407	18,407	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	29,685	29,140	9,380	5,740	(23,400)	(80.3%)
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>1,940,654</b>	<b>1,856,180</b>	<b>2,002,907</b>	<b>1,944,604</b>	<b>88,424</b>	<b>4.8%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	1,940,654	1,856,180	2,002,907	1,944,604	88,424	4.8%
<b>Total</b>	<b>1,940,654</b>	<b>1,856,180</b>	<b>2,002,907</b>	<b>1,944,604</b>	<b>88,424</b>	<b>4.8%</b>
FTE	17.8	20.5	22.5	21.5	1.0	4.9%

## **Revenues**

	<b>Actual FY07</b>	<b>Actual FY08</b>	<b>Estimated FY09</b>	<b>Estimated FY10</b>
Mortgage Lender Renewal and Application		108,170	100,000	100,000
Banking Revolving Fund:				
Bank Examination Fee	562,143	791,520	900,000	1,000,000
Trust Company Examination Fee	49,109	49,407	50,000	80,000
Money Lenders Renewal and Applications	212,250	229,650	241,000	253,000
Other License Fees	97,417			
Money Order Renewal and Application		15,600	15,600	15,600
Mortgage Broker Renewal and Application		49,340	45,000	45,000
Mortgage Loan Originator Renewal & Application		107,850	100,000	100,000
Trust Company Supervision Fee (1)	80,868	108,360	113,778	175,000
Investment Council Interest	12,359	33,878	15,000	10,000
Miscellaneous	38,748	782	30,000	20,000
Trust Company Charter Fees (General Fund)	35,000	25,000	25,000	30,000
<b>Total</b>	<b>1,087,894</b>	<b>1,519,557</b>	<b>1,635,378</b>	<b>1,828,600</b>

(1) Trust Company Serpersision Fee based on 5% growth in existing company assets only.

- **Personal Services**- The Governor recommends an increase of \$76,074 (\$62,000 salary, \$14,074 benefits) in other fund expenditure authority and 1.0 FTE for an additional financial institution examiner. This position will supervise and examine the rapidly growing bank assets in South Dakota. Growth in assets has been extraordinary and is expected to continue:

The Governor's recommended appropriation also includes an increase of \$28,580 in other fund expenditure authority for FY10 salary policy.

Banks			Trust Companies		
Year-End	Total Assets	Annualized Growth	Year-End	Total Assets	Annualized Growth
1999	\$ 7,418,209,000		1999	\$ 10,559,109,000	
2000	\$ 8,447,080,000	14%	2000	\$ 12,873,079,000	22%
2001	\$ 8,607,563,000	2%	2001	\$ 13,788,677,000	7%
2002	\$ 9,514,615,000	11%	2002	\$ 14,996,921,000	9%
2003	\$ 9,728,158,000	2%	2003	\$ 15,367,635,000	2%
2004	\$ 11,149,770,000	15%	2004	\$ 24,810,448,000	61%
2005	\$ 11,532,593,000	3%	2005	\$ 34,669,887,000	40%
2006	\$ 13,225,732,000	15%	2006	\$ 39,388,934,000	14%
2007	\$ 18,619,500,000	41%	2007	\$ 44,529,355,000	13%

- Travel- The Governor recommends an increase of \$6,980 in other fund expenditure authority in travel expenses for the new FTE.
- Contractual Services- The Governor recommends an increase of \$190 in other fund expenditure authority for an increase in the state's liability insurance assessment for the new FTE.
- Capital Outlay- The Governor recommends a decrease of \$23,400 in other fund expenditure authority primarily due to fewer hardware purchases in FY10.

### **Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
<b>Action on Applications:</b>				
New Bank/Trust Company Charters	0/7	0/6	0/5	0/5
Branches/Changes of Location or Control	10/0	23/4	20/2	20/2
Mergers/Denied Branch Banks	7/0	2/0	3/0	2/0
Interstate Banking and Branching	4	3	3	10
Mobile Banking Services	1	0	2	2
Loan Production Offices	1	1	1	1
<b>Institutions Examined:</b>				
Money Lenders (self examination)	324	320	290	308
Money Lenders (on-site)	15	15	30	50
Banks (1)	30*	35	35	35
Trust Companies	7	11	15	20
Mortgage Lenders (self examination)	0	180	150	150
Mortgage Brokers (self examination)	0	105	60	60
Mortgage Loan Originators (self examination)	0	700	450	450
<b>Licenses Issued or Renewed:</b>				
Money Lenders/Money Orders	370/27	364/28	350/28	350/28
Mortgage Lenders/Brokers	70/90	194/107	175/75	175/75
Mortgage Loan Originator	0	724	500	500
<b>Charters Cancelled:</b>				
Banks and Bank Branches	1	1	2	1
<b>Asset Size of Institutions Supervised:</b>				
Total Assets-Banks (as of Fiscal Year-end) (2)	\$16,418,043,000	\$20,069,482,000	\$20,872,261,000	\$21,707,151,000
Managed Assets - Trust Companies & Trust Departments (as of FY Midpoint)	\$39,388,934,000	\$57,803,730,000	\$60,757,330,000	\$63,795,196,000

(1) Includes safety and soundness, IS, Trust department and BAS/USA Patriot Act examinations.

(2) Bank assets projected to grow by 4% annually.

## Securities

The total recommended budget for the Securities Division consists of \$416,068 in other fund expenditure authority and 5.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	315,144	327,925	339,320	346,465	18,540	5.7%
Travel	7,151	14,885	14,885	14,885	-	0.0%
Contractual Services	17,456	27,810	27,810	27,810	-	0.0%
Supplies & Materials	21,189	22,908	22,908	22,908	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	6,940	4,000	4,000	4,000	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>367,880</b>	<b>397,528</b>	<b>408,923</b>	<b>416,068</b>	<b>18,540</b>	<b>4.7%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	367,880	397,528	408,923	416,068	18,540	4.7%
<b>Total</b>	<b>367,880</b>	<b>397,528</b>	<b>408,923</b>	<b>416,068</b>	<b>18,540</b>	<b>4.7%</b>
FTE	5.0	5.0	5.0	5.0	-	0.0%

## Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Deposited to Securities Operating Fund:				
Securities Registration Fees	69,477	58,097	60,000	60,000
Franchise Registration Fees	155,650	156,650	155,000	155,000
Franchise Exemption Fees	14,750	20,250		
Business Opportunities Registration Fees	600	500	300	300
Securities Opinion Fees	275	125	200	200
Investment Company Notification Fees	17,166,375	18,819,200	17,000,000	17,000,000
Agent Licensing Fees	9,337,525	10,390,375	9,000,000	9,000,000
Broker-Dealer Licensing Fees	210,450	214,500	210,000	210,000
Investment Adviser Fees	4,300	4,000	4,500	4,500
Investment Adviser Agent Fees	65,250	81,250	65,000	65,000
I/A Notice Filings	133,200	146,000	130,000	130,000
Miscellaneous	4,100	8,600	4,000	4,000
Investment Council Interest	85,952	106,125	85,000	85,000
Private Placement/Reg. D506/Other	102,325	95,325	93,000	93,000
Fines	221,850	4,000	60,000	60,000
<b>Total</b>	<b>27,572,079</b>	<b>30,104,997</b>	<b>26,867,000</b>	<b>26,867,000</b>

- **Personal Services-** The Governor recommends an increase of \$11,395 in other fund expenditure authority to bring salaries up to the duty and expertise levels of certain positions within the division. The division plans to submit a proposal to the Bureau of Personnel for salary adjustments for the Program Assistant II and the Enforcement Attorney to adequately compensate these individuals for their expertise and knowledge in the securities area.

The Governor's recommended appropriation includes an increase of \$7,145 in other fund expenditure authority for the FY10 salary policy.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
New Securities Applications	105	109	71	90
Extensions and Amendments	54	54	50	50
Private Placement/Other Exemptions	1/408	0/387	1/270	1/350
Invest. Comp. Notice Filings--New/Total	3,258/19,157	3,413/23,000	2,300/16,000	3,070/20,700
New Franchise Applications/Registrations	247/774	257/790	220/650	250/780
Franchise Extensions/Exemptions	692/60	514/81	446/54	700/0
Business Opportunities--New/Total	1/4	4/4	7/5	4/4
Brokers-Dealers/B-D Agents Licensed	1,335/59,204	1,340/62,004	1,300/48,000	1,330/59,000
Investment Advisers/IA Agents Licensed	35/811	33/1,000	40/470	33/950
Transfers to General Fund (SDCL 4-4-4.4)	\$27,190,002	\$29,712,977	\$26,867,000	\$26,867,000

## Insurance

The total recommended budget for the Division of Insurance consists of \$1,846,934 in other fund expenditure authority and 28.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	1,374,866	1,451,421	1,451,421	1,481,769	30,348	2.1%
Travel	16,640	40,900	40,900	40,900	-	0.0%
Contractual Services	180,740	208,259	208,259	208,259	-	0.0%
Supplies & Materials	77,892	97,467	97,467	97,467	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	15,270	18,539	18,539	18,539	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>1,665,408</b>	<b>1,816,586</b>	<b>1,816,586</b>	<b>1,846,934</b>	<b>30,348</b>	<b>1.7%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	1,665,408	1,816,586	1,816,586	1,846,934	30,348	1.7%
<b>Total</b>	<b>1,665,408</b>	<b>1,816,586</b>	<b>1,816,586</b>	<b>1,846,934</b>	<b>30,348</b>	<b>1.7%</b>
FTE	27.6	28.0	28.0	28.0	-	0.0%

## Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Taxes Collected (General Fund)	56,896,704	60,103,206	62,000,000	63,000,000
Fees (Insurance Operating Fund):				
Admission	70,010	79,657	80,500	81,000
Company Renewal	89,345	83,170	83,500	83,500
Agent Licensing/Renewal	7,273,884	5,615,790	5,620,000	5,620,000
Exam Fees	13,240	12,710	12,500	12,500
Miscellaneous and Legal	29,708	9,330	9,330	9,330
Retaliatory/Filing	631,451	961,057	700,000	700,000
Administrative Penalties	23,860	38,251	25,000	25,000
Lists and Labels	5,020	5,270	5,200	5,200
Certification Letters	6,025	6,650	6,600	6,600
Investment Council Interest	12,578	34,474	22,000	22,000
Course Approval	22,750	25,255	25,000	25,000
Subsequent Injury Fund:				
Sub-Injury Fund Assessment	5,311,871	5,447,724	5,000,000	5,000,000
Investment Council Interest	32,591	52,476	40,000	40,000
Continuing Education Fund:				
Agent Renewal Fees (Biennial renewal)	20	93,100		93,100
Investment Council Interest				
Special Collections for Workers Comp				
Policy Fee (Transferred to Dept. of Labor)	263,179	259,907	260,000	260,000
Examination Fund (Effective 7-1-97)	418,200	416,100	416,000	416,000
Investment Council Interest	6,258	10,068	8,500	8,500
<b>Total</b>	<b>71,106,694</b>	<b>73,254,195</b>	<b>74,314,130</b>	<b>75,407,730</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$30,348 in other fund expenditure authority for FY10 salary policy.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Total Licensed/Domestic Companies	1,423/45	1,421/45	1,425/46	1,430/48
Companies Licensed/Approved Mergers	50	52	55	60
Agent Licenses Issued	13,518	15,827	16,500	18,000
Transfer to General Fund (SDCL 4-4-4.4)	\$6,145,864	\$4,772,651	\$4,800,000	\$4,800,000

## Insurance Fraud Unit—Informational

The total recommended budget for the Insurance Fraud Unit consists of \$327,163 in other fund expenditure authority and 4.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	144,821	235,454	235,454	240,391	4,937	2.1%
Travel	8,716	22,430	22,430	22,430	-	0.0%
Contractual Services	21,929	50,442	50,442	50,442	-	0.0%
Supplies & Materials	4,934	11,500	11,500	11,500	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	1,572	2,400	2,400	2,400	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>181,972</b>	<b>322,226</b>	<b>322,226</b>	<b>327,163</b>	<b>4,937</b>	<b>1.5%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	181,972	322,226	322,226	327,163	4,937	1.5%
<b>Total</b>	<b>181,972</b>	<b>322,226</b>	<b>322,226</b>	<b>327,163</b>	<b>4,937</b>	<b>1.5%</b>
FTE	3.0	4.0	4.0	4.0	-	0.0%

### Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Company Assessments	305,000	7,000	350,000	-
Civil Penalties	-	-	500	500
Investment Council Interest	8,919	10,309	10,000	10,000
<b>Total</b>	<b>313,919</b>	<b>17,309</b>	<b>360,500</b>	<b>10,500</b>

➤ Personal Services- The Governor's recommended appropriation includes an increase of \$4,937 in other fund expenditure authority for FY10 salary policy.

### Selected Statistical Data

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Educational Programs	10	15	15	15
New Fraud Cases	99	92	95	95
Cases Closed--Unfounded	70	82	75	75
Criminal Convictions	4	6	9	7
Civil Convictions	0	0	1	1

## **Petroleum Release Compensation**

The total recommended budget for Petroleum Release Compensation consists of \$458,248 in other fund expenditure authority and 5.0 FTEs.

	<b>Actual FY08</b>	<b>Budgeted FY09</b>	<b>Agency Req. FY10</b>	<b>Gov Rec. FY10</b>	<b>Inc/Dec FY10</b>	<b>% Change From FY09</b>
Personal Services	295,711	328,307	328,307	335,195	6,888	2.1%
Travel	15,532	27,624	27,624	27,624	-	0.0%
Contractual Services	28,668	71,057	71,057	71,057	-	0.0%
Supplies & Materials	7,100	20,670	20,670	20,670	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	5,415	3,702	3,702	3,702	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>352,426</b>	<b>451,360</b>	<b>451,360</b>	<b>458,248</b>	<b>6,888</b>	<b>1.5%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	352,426	451,360	451,360	458,248	6,888	1.5%
<b>Total</b>	<b>352,426</b>	<b>451,360</b>	<b>451,360</b>	<b>458,248</b>	<b>6,888</b>	<b>1.5%</b>
FTE	5.0	5.0	5.0	5.0	-	0.0%

## **Revenues**

	<b>Actual FY07</b>	<b>Actual FY08</b>	<b>Estimated FY09</b>	<b>Estimated FY10</b>
Refund Prior Year's Expenditure	85,220			
Deposited to Petroleum Release Comp Fund:				
Petroleum Tank Inspection Fee	1,582,386	1,978,767	1,750,000	1,750,000
Interest	170,787	247,650	200,000	200,000
<b>Total</b>	<b>1,838,393</b>	<b>2,226,417</b>	<b>1,950,000</b>	<b>1,950,000</b>

- **Personal Services**- The Governor's recommended appropriation includes an increase of \$6,888 in other fund expenditure authority for FY10 salary policy.

## **Selected Statistical Data**

	<b>Actual FY07</b>	<b>Actual FY08</b>	<b>Estimated FY09</b>	<b>Estimated FY10</b>
Petroleum Release Cases Initiated	22	45	30	30
Responsible Parties Reimbursed	145	130	175	175
Abandoned Tank Site Initiated	45	33	30	30
Claims Processed and Paid:				
Abandoned Tank Program	127	111	100	100
Regular Program	97	103	150	150
Public Presentations	5	5	6	6
Review Contracts and Corrective Action Plan	201	83	175	175
Board Meetings	2	2	4	4

**Petroleum Release Compensation Fund--Informational**

The total recommended budget for the Petroleum Release Compensation Fund consists of \$2,100,000 in other fund expenditure authority and 0.0 FTE.

	<b>Actual FY08</b>	<b>Budgeted FY09</b>	<b>Agency Req. FY10</b>	<b>Gov Rec. FY10</b>	<b>Inc/Dec FY10</b>	<b>% Change From FY09</b>
Personal Services	-	-	-	-	-	0.0%
Travel	-	-	-	-	-	0.0%
Contractual Services	214,465	100,000	100,000	100,000	-	0.0%
Supplies & Materials	-	-	-	-	-	0.0%
Grants And Subsidies	664,625	2,000,000	2,000,000	2,000,000	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>879,090</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>-</b>	<b>0.0%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	879,090	2,100,000	2,100,000	2,100,000	-	0.0%
<b>Total</b>	<b>879,090</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>2,100,000</b>	<b>-</b>	<b>0.0%</b>
FTE	-	-	-	-	-	0.0%

## Instant and On-Line Operations—Informational

The total recommended budget for Instant and On-Line Operations consists of \$30,588,219 in other fund expenditure authority and 21.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	1,003,551	1,207,890	1,207,890	1,233,067	25,177	2.1%
Travel	122,681	135,684	135,684	135,684	-	0.0%
Contractual Services	30,152,210	28,297,468	28,297,468	28,297,468	-	0.0%
Supplies & Materials	507,397	828,000	828,000	828,000	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	29,481	40,000	40,000	40,000	-	0.0%
Other	40,140	54,000	54,000	54,000	-	0.0%
<b>Total</b>	<b>31,855,460</b>	<b>30,563,042</b>	<b>30,563,042</b>	<b>30,588,219</b>	<b>25,177</b>	<b>0.1%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	31,855,761	30,563,042	30,563,042	30,588,219	25,177	0.1%
<b>Total</b>	<b>31,855,761</b>	<b>30,563,042</b>	<b>30,563,042</b>	<b>30,588,219</b>	<b>25,177</b>	<b>0.1%</b>
FTE	20.1	21.0	21.0	21.0	-	0.0%

### Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Instant Proceeds--General Fund	4,419,476	5,088,644	5,100,000	5,100,000
On-Line Proceeds--General Fund	1,400,000	1,400,000	1,400,000	1,400,000
On-Line Proceeds--Capital Construction Fund	4,297,285	5,111,689	5,200,000	5,200,000
<b>Total</b>	<b>10,116,761</b>	<b>11,600,333</b>	<b>11,700,000</b>	<b>11,700,000</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$25,177 in other fund expenditure authority for FY10 salary policy.

### Selected Statistical Data

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Instant Games Introduced	25	26	26	26
On-Line Games Offered	4	5	5	5
Licensed Lottery Retailers--Instant	615	620	625	625
Licensed Lottery Retailers--On-Line	447	476	500	500
Prizes Paid to Players	24,424,464	23,942,488	24,500,000	24,500,000
Retailer Commissions Paid	2,177,044	2,381,810	2,400,000	2,400,000
Instant Games Total Sales	18,423,836	20,973,349	21,500,000	21,500,000
On-Line Games Total Sales	21,313,136	21,751,845	22,500,000	22,500,000

## Video Lottery

The total recommended budget for Video Lottery consists of \$2,608,087 in other fund expenditure authority and 10.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	380,412	522,929	522,929	533,784	10,855	2.1%
Travel	13,439	20,618	20,618	20,618	-	0.0%
Contractual Services	1,037,345	3,522,569	1,622,569	1,622,569	(1,900,000)	(53.9%)
Supplies & Materials	18,515	37,116	37,116	37,116	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	13,055	180,000	180,000	180,000	-	0.0%
Other	214,000	214,000	214,000	214,000	-	0.0%
<b>Total</b>	<b>1,676,766</b>	<b>4,497,232</b>	<b>2,597,232</b>	<b>2,608,087</b>	<b>(1,889,145)</b>	<b>(42.0%)</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	1,676,766	4,497,232	2,597,232	2,608,087	(1,889,145)	(42.0%)
<b>Total</b>	<b>1,676,766</b>	<b>4,497,232</b>	<b>2,597,232</b>	<b>2,608,087</b>	<b>(1,889,145)</b>	<b>(42.0%)</b>
FTE	8.6	10.0	10.0	10.0	-	0.0%

## Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
License Fees to VL Operating Fund	1,191,803	1,194,150	1,200,000	1,200,000
Additional MFG. License Fee--General Fund	60,000	45,000	45,000	45,000
Video Lottery Proceeds--General Fund		500,000		
Video Lottery Proceeds--Property Tax	110,419,656	111,043,345	111,598,562	112,156,555
Video Lottery Proceeds--VL Operating Fund	1,115,350	1,121,650	1,127,258	1,132,894
Miscellaneous Revenue	86,342	138,928	100,000	100,000
<b>Total</b>	<b>112,873,151</b>	<b>114,043,073</b>	<b>114,070,820</b>	<b>114,634,449</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$10,855 in other fund expenditure authority for FY10 salary policy.
- Contractual Services- The Governor recommends a decrease of \$1,900,000 in other fund expenditure authority for FY10. In FY09, \$2,400,000 was appropriated for the replacement of the video lottery central system. The current contract expires August 2009 with all contract extensions exercised. The remaining \$500,000 from the FY09 appropriation will continue and be used for the payments of the new contract. The highly sophisticated central system monitors all functions of every terminal, polls each terminal daily to collect account data, and generates bi-weekly billings to collect the state's share from the machine owners.

## Selected Statistical Data

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Machines Placed (12-Month Avg.)	8,859	8,969	9,000	9,100
Licensed Establishments (12-Month Avg.)	1,477	1,478	1,490	1,495
Licensed Operators	160	157	165	165
Licensed Distributors	3	3	3	3
Licensed Manufacturers	3	3	3	3

## Real Estate Commission--Informational

The total recommended budget for the Real Estate Commission consists of \$471,803 in other fund expenditure authority and 5.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	260,111	266,634	266,634	272,138	5,504	2.1%
Travel	52,954	23,050	23,050	23,050	-	0.0%
Contractual Services	209,969	152,415	152,415	152,415	-	0.0%
Supplies & Materials	24,865	24,200	24,200	24,200	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	4,840	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>552,739</b>	<b>466,299</b>	<b>466,299</b>	<b>471,803</b>	<b>5,504</b>	<b>1.2%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	552,739	466,299	466,299	471,803	5,504	1.2%
<b>Total</b>	<b>552,739</b>	<b>466,299</b>	<b>466,299</b>	<b>471,803</b>	<b>5,504</b>	<b>1.2%</b>
FTE	5.0	5.0	5.0	5.0	-	0.0%

### Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Application Fees	109,137	103,165	92,580	92,580
New License Fees	26,944	38,456	16,200	16,200
Renewal Fees	181,720	298,175	300,750	180,000
Materials Sold	13,198	13,023	8,100	8,100
Interest Income	22,864	35,224	18,000	18,000
Changes of Address	9,765	8,385	7,500	7,500
Certificates of Licensure	2,925	2,760	2,200	2,200
Late Renewal Fees	5,230	6,365	6,500	5,000
Intrastate Sales and Services	720	720	720	720
Penalties Reimbursement of Investigations	10,814	7,768	9,000	9,000
Seminar Income	82,170	74,960	70,000	70,000
Miscellaneous	117	90	100	100
<b>Total</b>	<b>465,604</b>	<b>589,091</b>	<b>531,650</b>	<b>409,400</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$5,504 in other fund expenditure authority for FY10 salary policy.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Licenses Renewed/New	1,510/499	2,521/488	1,670/350	2,300/350
Practitioners	4,865	4,964	4,700	4,700
Examinations:				
Nationally Prepared (Times Given)	812	823	815	815
Applicants Examined/Passed	322/261	526/434	522/360	522/360
State Prepared (Times Given)	50	18	18	18
Applicants Examined/Passed	39/35	20/18	20/18	20/18
Applicants Reexamined/Passed	181/147	240/202	150/125	150/125
Complaints:				0
Received/Investigated/Resolved	28/24/27	29/32/22	40/34/31	40/34/31
Hearings Held/Pending	13/2	8/16	17/16	17/16
Licenses Reprimanded/Probationed	2	2	10	10
Total Prosecutions	0	2	1	1
Audits	256	210	220	220

## Abstracters Board of Examiners--Informational

The total recommended budget for Abstracters Board of Examiners consists of \$25,215 in other fund expenditure authority and 0.0 FTE.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	14,028	15,460	15,460	15,715	255	1.6%
Travel	2,417	3,500	3,500	3,500	-	0.0%
Contractual Services	12,932	5,000	5,000	5,000	-	0.0%
Supplies & Materials	1,570	1,000	1,000	1,000	-	0.0%
Grants And Subsidies	-	-	-	-	-	0.0%
Capital Outlay	-	-	-	-	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>30,947</b>	<b>24,960</b>	<b>24,960</b>	<b>25,215</b>	<b>255</b>	<b>1.0%</b>

### Funding Types

General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	30,947	24,960	24,960	25,215	255	1.0%
<b>Total</b>	<b>30,947</b>	<b>24,960</b>	<b>24,960</b>	<b>25,215</b>	<b>255</b>	<b>1.0%</b>

FTE - - - - - 0.0%

Note: The personal services line item in this program is for board members' per diem.

### Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Examination Fees	730	1,600	1,800	2,000
Reexamination Fees	80	450	500	600
New License Fees	250	1,850	200	2,000
Renewal Fees	17,983	45,200	45,200	45,200
Interest Income	140	36	150	150
Plant Inspections	871	3,324	3,700	4,000
<b>Total</b>	<b>20,054</b>	<b>52,460</b>	<b>51,550</b>	<b>53,950</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$255 in other fund expenditure authority for FY10 salary policy.

**Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Licenses Renewed	67	75	75	75
New Licenses	2	3	3	3
Practitioners	158	158	170	172
Examinations:				
State Prepared (Times Given)	3	3	3	3
Applicants Examined	15	9	10	10
Applicants Reexamined	3	1	10	5
Complaints:				
Received/Investigated/Resolved	3/3/3	2/2/2	2/2/2	3/3/3
Hearings Held	0	0	0	0
Miscellaneous:				
Inspections	2	4	3	3
Inquiries Received and Answered	15	13	10	15
Board Meetings Held	3	3	3	3

## Commission on Gaming--Informational

The total recommended budget for the State Commission on Gaming consists of \$10,585,684 in other fund expenditure authority and 17.0 FTEs.

	Actual FY08	Budgeted FY09	Agency Req. FY10	Gov Rec. FY10	Inc/Dec FY10	% Change From FY09
Personal Services	758,226	915,414	915,414	934,253	18,839	2.1%
Travel	82,173	86,420	86,420	86,420	-	0.0%
Contractual Services	366,441	335,625	335,625	335,625	-	0.0%
Supplies & Materials	32,070	42,000	42,000	42,000	-	0.0%
Grants And Subsidies	9,291,827	9,175,000	9,175,000	9,175,000	-	0.0%
Capital Outlay	8,868	12,386	12,386	12,386	-	0.0%
Other	-	-	-	-	-	0.0%
<b>Total</b>	<b>10,539,605</b>	<b>10,566,845</b>	<b>10,566,845</b>	<b>10,585,684</b>	<b>18,839</b>	<b>0.2%</b>
<b>Funding Types</b>						
General	-	-	-	-	-	0.0%
Federal	-	-	-	-	-	0.0%
Other	10,539,605	10,566,845	10,566,845	10,585,684	18,839	0.2%
<b>Total</b>	<b>10,539,605</b>	<b>10,566,845</b>	<b>10,566,845</b>	<b>10,585,684</b>	<b>18,839</b>	<b>0.2%</b>
FTE	15.1	17.0	17.0	17.0	-	0.0%

### Revenues

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
<b>Gaming Fund:</b>				
Device Fee	7,184,000	7,288,000	7,488,000	7,488,000
Gross Revenue Tax	7,410,607	8,001,324	8,000,000	8,000,000
City Slot Tax	290,000	290,003	290,000	290,000
Application Fee	156,110	143,470	140,000	140,000
License Fee	103,800	100,238	100,000	100,000
Device Testing Fee	18,685	17,182	18,000	18,000
Penalties	430	13,007	5,000	5,000
Interest	52,555	67,888	50,000	50,000
<b>Racing Revenues:</b>				
<b>Dogs:</b>				
Commission	41,313	39,845	36,000	36,000
Licenses and Fines	6,610	5,460	5,400	5,400
Revolving Fund	41,313	39,845	36,000	36,000
Bred Fund	41,678	39,845	36,000	36,000
<b>Horses:</b>				
Commission	76,324	65,369	58,500	58,500
Licenses and Fines	31,427	14,500	14,500	14,500
Revolving Fund	65,030	56,441	58,500	58,500
Bred Fund	68,328	58,542	58,500	58,500
Interest	18,737	37,344	18,000	18,000
<b>Total</b>	<b>15,606,947</b>	<b>16,278,303</b>	<b>16,412,400</b>	<b>16,412,400</b>

- Personal Services- The Governor's recommended appropriation includes an increase of \$18,839 in other fund expenditure authority for FY10 salary policy.

## **Selected Statistical Data**

	Actual FY07	Actual FY08	Estimated FY09	Estimated FY10
Licenses Issued:				
Manufacturers/Distributors	11	13	11	11
Operators/Retailers	34/211	34/183	34/200	34/200
Support/Key Employees	1,547	1,504	1,500	1,500
Device Licenses	3,592	3,644	3,724	3,724
Gaming Distributions	\$13,889,263	\$14,491,956	\$14,220,000	\$14,220,000

## **Other Departmental Issues**

### **A. Department of Revenue and Regulation**

General Fund Reversions FY04-FY08

FY04- \$113,348

FY05- \$48,385

FY06- \$6,821

FY07- \$45,355

FY08- 2,551

### **B. Letters of Intent- FY09**

The Joint Committee on Appropriations requests the Department of Revenue and Regulation provide an update both orally and in writing at your FY10 budget presentation to the Joint Committee regarding the addition of two new bank auditors. The report should include the amount of revenue generated and expenses including salaries and benefits incurred by the two bank auditors.