

Agency 16 - Department Of Revenue

Statutory Authority:

The Nebraska Department of Revenue was officially created by the 1969 Legislature's enactment of Sections 77-360, R.R.S. 1943, effective on January 1, 1970, and the Tax Commissioner was designated as the Department's chief executive or director. The Tax Commissioner's office originated during the Constitutional Convention in 1919-1920. Article IV, Section 28, of the Constitution and Section 77-361 of the Revised Statutes of Nebraska, 1943, gives the Department of Revenue, under the direction of the Tax Commissioner, jurisdiction and authority over the administration of all revenue laws of the state.

Vision Statement:

The Department of Revenue will administer the revenue and lottery laws of the state in the most efficient and effective manner possible using current technology to more efficiently collect revenue and receive returns via electronic means.

Mission Statement:

The mission of the Department of Revenue is to serve the public by administering the state revenue laws with integrity, efficiency, and consistency.

Goals:

1. Provide all Nebraska taxpayers the most efficient service in all areas of tax compliance and processing.
2. Provide the state adequate tax law enforcement for all tax categories, including gaming and motor fuels.
3. Provide Revenue statistical research and support service to the agency, Legislature, and other state governmental agencies.
4. Continue implementation of Streamlined Sales Tax (SST) program in Nebraska and add corporate e-filing of 1120N and 1065N.
5. Provide state-of-the-art taxpayer assistance and educational services to citizens of Nebraska.
6. Continue to automate processes and reduce the amount of paper processed through the system.
7. Derive new Lottery products and delivery methods to raise funding for specified programs.
8. Continue to administer the economic development tax incentive programs, including the new Nebraska Advantage program, in the most efficient and effective method possible.
9. Continue to maximize bad debt collection through use of automated offset programs and increased enforcement efforts.
10. Begin to look at a succession plan since the Department is near the end of the first generation of modern tax processing systems and will be experiencing a large number of retirements in the next 5-10 years.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	75,103,407	79,040,557	93,031,756	93,350,002	99,172,806	100,018,042
Cash Fund	17,191,071	18,661,626	19,880,218	19,694,803	21,177,486	21,149,063
Federal Fund	40	18,830	21,250	21,250	500	0
Revolving Fund	0	7,282	0	0	0	0
Other Fund	0	0	0	0	0	0
Total Agency	92,294,518	97,728,295	112,933,224	113,066,055	120,360,792	121,167,105

Agency 16 - Department Of Revenue Program 013 - Tax Commissioner's Salary

Program Objectives:

The salary of the Tax Commissioner is submitted as a separate program request because the Tax Commissioner is a constitutionally designated officer. Statutory authority of the Tax Commissioner is to serve as the chief executive officer of the Department of Revenue. As CEO of Revenue, the Tax Commissioner is responsible for the development of policies and procedures for revenue collection at the state and local levels and is also responsible for the administration and collection of all state revenues as provided by law.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	108,965	117,937	117,937	164,850	117,937	167,822
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
Total	108,965	117,937	117,937	164,850	117,937	167,822

Performance Measures:

The goal of the Tax Commissioner is to operate the Department of Revenue in the most efficient, effective, and economical manner possible while still achieving all the legislative mandates prescribed by statute. The goals and objectives outlined for the agency are the goals the Tax Commissioner is striving to achieve. Evaluation measures for this program are the accomplishment of the overall goals outlined for the agency.

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Program 102 - Revenue Administration

Program Objectives:

The objectives of Revenue Administration are

1. to administer the state's revenue laws through enforcement and collection activities,
2. to provide assistance to Nebraska taxpayers, and
3. to provide statistical information and projections of anticipated tax revenues to the Legislature and other interested parties. The Department directly administers all state tax programs with the exceptions of liquor and insurance. Audits are performed on selected taxpayers located throughout the nation to determine that all appropriate taxes are reported and paid the state. The Department maintains branch offices located throughout Nebraska as well as a toll free taxpayer assistance line.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	21,270,310	22,449,620	22,856,859	23,128,192	22,934,765	23,730,116
Cash Fund	726,209	1,275,182	1,294,496	1,262,101	1,302,099	1,278,183
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	7,282	0	0	0	0
Other Fund	0	0	0	0	0	0
Total	21,996,519	23,732,084	24,151,355	24,390,293	24,236,864	25,008,299

Performance Measures:

The Department's performance for the FY 2007-2009 biennium will be measured based on the following:

1. Number of forms processed.
2. Amount of revenue collected.
3. Amount of collection of past due accounts by the Taxpayer Services area.
4. Number and value of audits conducted.
5. Number of taxpayer assistance calls.
6. Number and value of EFT payments.
7. Number of Fed/State e-filed income tax returns.
8. Number and amount of direct deposit refunds from Fed/State.
9. Number of Telefiled income tax returns.
10. Number and amount of direct deposit refunds from Telefile.
11. Number of Voice Response Unit refund status calls.
12. Number of Internet sales tax and 941N filings.
13. Number of Internet income tax filings.
14. Number of direct deposits from Internet filings.
15. Total e-filed income tax returns.
16. Percentage of total income tax returns e-filed.

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Program 108 - Homestead Reimbursement To Counties

Program Objectives:

This program provides property tax relief to special categories of homeowners through state funded reimbursements to local governments for property taxes not collected due to homestead exemptions granted.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	53,724,132	56,473,000	70,056,960	70,056,960	76,120,104	76,120,104
Cash Fund	0	0	0	0	0	0
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
Total	53,724,132	56,473,000	70,056,960	70,056,960	76,120,104	76,120,104

Performance Measures:

This program provides for the reimbursement to counties of a limited homestead exemption from the General Fund for the revenue lost due to this provision of statutes. Payment is made to the counties from January to June. The program will be measured by the distribution of homestead payments in the most efficient and effective manner by the Department.

Agency 16 - Department Of Revenue Program 111 - Motor Fuel Administration

Program Objectives:

This program's objectives include:

1. administering all motor fuel tax programs;
2. providing assistance to taxpayers regarding motor fuels tax programs; and
3. ensuring compliance with laws through an increased emphasis on collections, audit, and investigation activities.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	0	0	0	0	0	0
Cash Fund	2,006,844	2,227,207	2,241,042	2,258,445	2,245,707	2,320,494
Federal Fund	40	18,830	21,250	21,250	500	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
Total	2,006,884	2,246,037	2,262,292	2,279,695	2,246,207	2,320,494

Performance Measures:

In support of these objectives, the Department of Revenue has set the following goals:

1. Maintain audit presence across the state. Audit one taxpayer in each county every 5 years.
2. Audit 3-4 large suppliers each year.
3. Audit one terminal per year.
4. Audit every ethanol producer every 3 years.
5. Audit refund claims totaling \$10,000 or more in one year.
6. Audit a certain number of retailers.
7. Provide Continuing Professional Education for auditors.
8. Data enter Export schedules from other states within 2 weeks of receipt.
9. Deposit all funds the same day received.
10. Process refund claims within 30-45 days of receipt.
11. Conduct reviews on selected retailers, with emphasis on border counties and recently licensed retailers.
12. Develop more edits and pre-checks so that cross matching deals with true missed loads.
13. Work with Weights and Measures to develop a shared database of motor fuel retailers.
14. Schedule an Account Update Process for summer 2007.
15. Increase usage of Web site and e-mail.
16. Participate in regional and national groups (NETASK and FTA).
17. Ensure training of both staff and taxpayers.

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Program 160 - Lottery Administration

Program Objectives:

The mission of the Nebraska Lottery is to generate proceeds for the beneficiaries, as determined by the voters and the Legislature, while providing quality entertainment options to Nebraskans.

Our objectives:

1. To transfer proceeds of at least \$20,229,702 to the beneficiary funds each year through December 31, 2007. For January 1, 2008 and thereafter, without statutory change to allow for continued enhancement of prize structures and retailer incentives, the Lottery will revert to transferring 25% of net sales to the beneficiary funds.
2. To offer Lottery products which provide fun and winning experiences.
3. To offer Lottery products which have a high level of integrity within the game structures, the distribution channels, and the operations of the Lottery.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	0	0	0	0	0	0
Cash Fund	12,584,797	12,729,656	14,106,735	14,085,123	15,387,053	15,402,119
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
Total	12,584,797	12,729,656	14,106,735	14,085,123	15,387,053	15,402,119

Performance Measures:

1. Review scratch game themes for appeal.
2. Review prize structures for various games.
3. Review Pick 5 and Pick 3 lotto games for possible changes.
4. Monitor advertising campaigns for efficiency and effectiveness.
5. Monitor promotional activity through sales and player response.
6. Launch 35-40 new scratch games each fiscal year.
7. Continue to complete all background investigations as appropriate.
8. Maintain and review restricted players list to block validation and payment on winning tickets.
9. Compliance with multi-state security rules for multi-jurisdictional lotto games.

Description	FY06 Actual	FY07	FY08 Request	FY09 Request
Ticket sales	\$112,000,000 est	\$114,000,000	\$114,000,000	\$114,000,000
Number of retailers	1,130	1,187	1,211	1,235
Website visits	2,300,000	2,415,000	2,535,750	2,662,538

Agency 16 - Department Of Revenue Program 165 - Charitable Gaming

Program Objectives:

The purpose of Program 165, Charitable Gaming, as stated in Neb. Rev. Stat. Section 9-1,101 (R.S.Supp., 2004) is to administer and enforce the provisions of the Nebraska Bingo Act, the Nebraska County and City Lottery Act, the Nebraska Lottery and Raffle Act, the Nebraska Pickle Card Lottery Act, the Nebraska Small Lottery and Raffle Act, and Neb. Rev. Stat. Section 9-701 (R.S.Supp., 2004) dealing with gift enterprises.

Financial Data:

	Actual FY06	Approp FY07	Request FY08	Recom FY08	Request FY09	Recom FY09
General Fund	0	0	0	0	0	0
Cash Fund	1,873,221	2,429,581	2,237,945	2,089,134	2,242,627	2,148,267
Federal Fund	0	0	0	0	0	0
Revolving Fund	0	0	0	0	0	0
Other Fund	0	0	0	0	0	0
Total	1,873,221	2,429,581	2,237,945	2,089,134	2,242,627	2,148,267

Performance Measures:

The objectives for this program are to:

1. ensure only qualified individuals and businesses are authorized to conduct charitable gaming activities,
2. ensure that all charitable gaming revenues are fully reported and accounted for and used only for those purposes permitted by law; prevent the purposes for which the profits of charitable gaming activities are to be used from being subverted by improper elements, and
3. protect the health and welfare of the public and ensure that charitable gaming activities are being conducted only by those methods permitted in each of the acts.