

Commissioner of the Revenue - Departmental Performance Report

Commissioner of the Revenue						
The mission of the Commissioner of the Revenue is to ensure the uniform and consistent assessment of applicable state and local tax codes while providing customer assistance on all tax related issues.						
Objective/Performance Measure	Unit	Annual Target	Actual 2008	Actual 2009	Est. 2010	Proj. FY 2011
Customer						
Business Accounts Assessed						
Business Accounts Adjusted	#	8,218.0	8,890.0	9,132.0	8,450.0	8,450.0
Business Licenses Assessed	#	27,800.0	32,164.0	30,859.0	28,500.0	28,500.0
Business Personal Property Assessed	#	26,000.0	28,747.0	28,561.0	26,000.0	22,000.0
Unlicensed Business Discovery	#	100.0	143.0	183.0	80.0	0.0
Provide Taxpayer Assistance						
DMV Select Transactions	#	58,000.0	54,319.0	40,837.0	58,000.0	60,000.0
Personal Property Accounts Assessed annually	#	536,171.0	608,442.0	576,528.0	550,000.0	530,000.0
Personal Property Tax Relief Applications	#	80,000.0	96,146.0	76,573.0	80,000.0	83,200.0
State Income Returns Assessed	#	63,500.0	101,325.0	68,959.0	63,500.0	30,100.0
Real & Personal Property Accounts Assessed						
Audits and Investigations	#	4,400.0	4,974.0	5,818.0	4,420.0	4,000.0
Personal Property Assessments (in millions)	\$	95	114	99	95	80
Personal Property Manual Assessments (in millions)	\$	15	21	19	15	13
Revenue Generated from All Assessments						
Bank Franchise Assessments (in thousands)	\$	2,071	1,705	2,071	2,071	2,071
Business Tax Assessments Value (in thousands)	\$	200,000	214,413	217,749	200,000	180,000
State Income Tax Assessments (in thousands)	\$	15,000	33,330	18,690	15,000	9,000

Major Changes

For FY 2010-11, the Commissioner of the Revenue's budget totals \$3,430,713, which is a reduction of \$407,084, or 10.6% from the previous year; the reduction is a result of a decrease in City funding. As a result of the reduction, 11.68 positions were eliminated as well as reduction or elimination of some existing services. The budget for this department was prepared based on the latest information available at the time regarding the State budget. It will be adjusted once the State budget is finalized with the adjustments discussed with City Council prior to adoption.

Change	Impact
Reduction of \$407,378 in City funding	<ul style="list-style-type: none">• Loss of 11.68 positions due to City cuts• Reduced assessment of personal property accounts, business licenses, business personal property accounts, and trustee tax accounts• Reduced number of business audits• Hamper the ability to assess and collect approximately \$18.6 million in personal property and \$16.6 in business revenues

Additional information about program reductions is available in the Requested But Not Funded listing in the Resource Management Plan document.

Departmental Overview

The Commissioner of the Revenue is one of five elected Constitutional Officers in the City and, as such, is partially funded by the State Compensation Board. Presently, the Compensation Board reimburses 90% of the Commissioner's salary, and 50% of the 34 positions that receive State approved salary supplements. The State also reimburses for fringe benefits (VRS retirement, FICA, and VRS group life insurance) based on State approved salary amounts. In addition, the Compensation Board also reimburses 50% of the budgeted amount for specific office expenses (i.e., office supplies, internet access costs, stationary, postage, printing data processing services, telephone service, repairs, and the Commissioner's association dues).

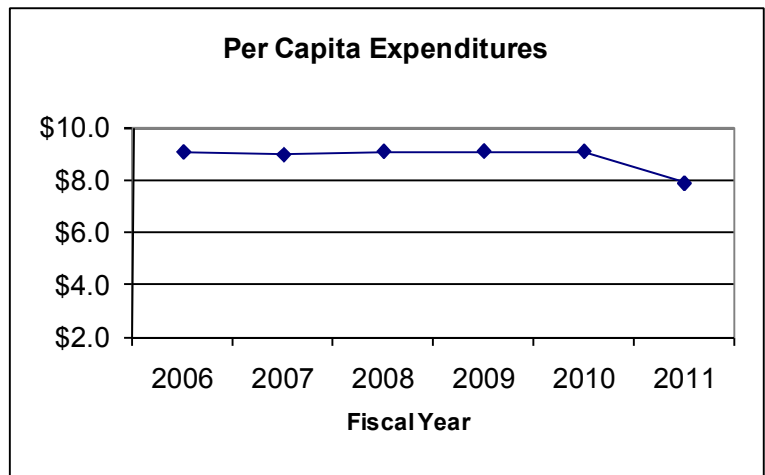
Note: This is subject to change depending on the final outcome of the State budget for FY 2010-11.

- The Commissioner of the Revenue's Office is responsible for the discovery, investigation, licensing, assessment, audit, prosecution and reporting of several tax levies – business license, tangible business property, machinery and tools, bank franchise, short term rental, meals, lodging, admissions, utility taxes and personal property. The Commissioner is also responsible for recording and taxation of the legal taxable entity for all real estate instruments and the archiving of data in a format which facilitates ready access, and the responsibility to provide processing and filing assistance for State income taxes.
- During FY 2005-06, the Commissioner of the Revenue entered into a contractual partnership with the Virginia Department of Motor Vehicles (DMV) to provide select DMV services, including vehicle titling, vehicle registrations, special and personalized license plate orders, dealer title and registration transactions, voter registration applications, and handicapped parking placards. The DMV provides the necessary equipment and forms to enable the Commissioner's Office to provide the contracted services while the Commissioner's Office is responsible for any necessary personnel and other expenses associated with the service. In its agreement with DMV Select sites, the DMV compensates each branch agency a percentage of gross collections made by the agency. Transactions handled by the Commissioner's Office are expected to generate sufficient revenue to cover any costs incurred by the City in providing these services.

Trends and Issues

- In FY 2009-10, the State did a mid-year budget reduction which impacted Constitutional Officers. As a result, State funding for the Commissioner's Office was reduced by \$104,523 resulting in a total State reimbursement of \$678,679. Based on currently available information regarding the State budget, the FY 2010-11 State funding for the Commissioner totals \$675,973, which effectively maintains the reduced State funding amount from the previous year.

- Innovations and increased efficiencies have allowed the Commissioner’s budget to remain relatively constant. Over the last eleven years, the number of employees in the Commissioner’s unit has been reduced by 16.08 FTEs. The per capita expenditure has remained relatively unchanged over the past several years. The decrease in FY 2010-11 shown in the chart reflects a 12.9% reduction in local funding for the Commissioner’s Office.



- The DMV Select Program has proven to be self-supporting and even contributes excess revenues to the General Fund. When this program was established mid-year in FY 2005-06, the DMV reimbursement rate was 3½%. As a result of increased gross revenues, the reimbursement rate has been increased to 5%. For FY 2010-11, revenue from this program is projected at \$125,000, while costs are projected to be \$84,000.

Council Amendment

On May 11, 2010, City Council voted to restore 6 positions in the Commissioner of the Revenue’s Office. These positions are for the assessment of personal property and business licenses and properties.

Commissioner of the Revenue - Departmental Resource Summary

	FY 2009 Actual	FY 2010 Adjusted	FY 2011 Adopted	Variance from FY 2010
<u>Program Summary</u>				
<u>002 General Fund</u>				
<u>Expenditures</u>				
Commissioner of the Revenue	3,815,157	3,744,121	3,594,046	(150,075)
DMV Select	84,172	93,676	83,667	(10,009)
Total Expenditures	<u>3,899,329</u>	<u>3,837,797</u>	<u>3,677,713</u>	<u>(160,084)</u>
<u>Revenues</u>				
Commissioner of the Revenue	784,176	675,679	675,973	294
DMV Select	155,398	125,000	125,000	0
Total Revenues	<u>939,574</u>	<u>800,679</u>	<u>800,973</u>	<u>294</u>
General City Support	<u>2,959,755</u>	<u>3,037,118</u>	<u>2,876,740</u>	<u>(160,378)</u>
Total Department Expenditure	3,899,329	3,837,797	3,677,713	(160,084)
Total Department Revenue	939,574	800,679	800,973	294
Total General City Support	<u>2,959,755</u>	<u>3,037,118</u>	<u>2,876,740</u>	<u>(160,378)</u>

Position Summary by Program

<u>002 General Fund</u>				
Commissioner of the Revenue	60.68	60.24	55.00	-5.24
DMV Select	2.93	3.37	2.93	-0.44
Total	<u>63.61</u>	<u>63.61</u>	<u>57.93</u>	<u>-5.68</u>
Total Position Summary	<u>63.61</u>	<u>63.61</u>	<u>57.93</u>	<u>-5.68</u>