

House Appropriations Committee Testimony
Eileen McNulty, Secretary
Pennsylvania Department of Revenue
February 22, 2016

Chairman Adolph, Chairman Markosek, and members of the committee, thank you for the opportunity to submit remarks for today's budget hearing regarding the Pennsylvania Department of Revenue. Joining me are Dan Hassell, Deputy Secretary of Tax Policy, Christin Heidingsfelder, Deputy Secretary of Administration, and Drew Svitko, Executive Director of the Pennsylvania Lottery.

The department has made significant progress in the past year to resolve substantial challenges with the transition to an integrated tax system (ITS). This modernization is replacing decades-old data silos with an integrated system that places the taxpayer at the center of all tax systems. This will reduce costs and improve customer service by more efficiently processing tax returns, coordinating records across tax systems, and improving data security. However, as I explained last year, the modernization experienced several challenges. Integration of business taxes in 2013, and trust fund taxes like sales tax and employer withholding taxes in late 2014, launched nearly a year behind schedule and experienced significant operational and technical challenges. Insufficient testing and problems with data conversion brought automated processing of returns nearly to a standstill.

To resolve those delays, I restructured the department and made eliminating the backlog a top priority. Throughout 2015, considerable progress was made. By resolving obstacles, the department processed 4.0 million business tax returns last year, reducing a backlog of tax reviews from 186,400 in January 2015 to 45,874 as of February 6, 2016. Going forward, we will continue to enhance efficiencies and review assessments to ensure the accuracy of taxpayers' returns and provide more detailed correspondence which practitioners have requested for three years.

With a stable foundation established for an integrated business tax system, the long-term outlook is promising. The department is now preparing for the next phase of the modernization initiative that will integrate systems for personal income, realty transfer, inheritance, and motor fuel taxes. With the returns of millions of Pennsylvanians to be processed, this system will launch only after a full and complete testing period.

To further achieve efficiencies and reduce costs as part of the Governor's GO-TIME initiative, the department launched two projects this year. New modeling will identify potential underreporting of the sales tax, allowing the department to ensure businesses are remitting the accurate payment to the commonwealth. An estimated \$2.3 million will be collected in the 2016-17 fiscal year.

Another GO-TIME initiative will provide more efficient lien filing for state tax liens. Currently when a taxpayer has an unpaid liability the department is responsible for filing liens with each county's prothonotary office. Producing the documents is labor intensive and incurs mailing costs. To increase efficiency and improve service, we have begun filing liens electronically in Philadelphia and Allegheny counties. Additional counties will be added during the remainder of the year. As a result, the department will reallocate staff from filing liens to the collection of delinquent taxes, realizing an additional \$676,000 in annual collections and more than \$3.3 million over five years.

The importance of the GO-TIME cost savings and the integrated tax system is heightened by the \$4.9 million reduction in the department's cost-to-carry budget this year. By not filling vacant positions, the department is staying within budget as we continue to provide core customer services, process returns, and maintain operations. However, budget reductions and the unfilled vacancies resulting from limited funding will result in less effective revenue collections for the commonwealth, delays with processing, refunds and adjustments, and a decline in customer service for taxpayers. For example, due to unfunded vacancies, the department's capacity to identify and investigate potential refund fraud and assist taxpayers who have become victims of identity theft is affected. When the department determines a return was filed with a potentially stolen identity, we have limited staff capacity to handle notifications to the taxpayer that they must provide additional proof of identity to obtain their refund or adequately provide support to taxpayers with questions or concerns about refund fraud and identity theft. Furthermore, staff participation in fraud prevention efforts with the IRS and other states is limited by processing demands. Refund fraud is a growing concern around the country.

As another example, a decline in positions responsible for maintaining accurate taxpayer mailing addresses has made the distribution of assessments less efficient. As a limited solution, the department established a team of five temporary employees to rectify the problem. A \$38,000 investment produced nearly \$200,000 in assessments to taxpayers. The governor's budget recognizes that a reduction to our cost-to-carry budget will impact the commonwealth's revenue collections and reinstates \$4.9 million in a supplemental appropriation to the current year.

As the staff complement has declined, the department's responsibilities have increased. Within recent years we have begun to administer multiple new taxes and functions including the small games of chance reporting, the tavern tax, new tax credits and zones, and the Philadelphia cigarette tax.

Similarly, statutory changes to the Board of Finance and Revenue in 2013 require a significant increase in responsibilities of the department's Office of Chief Counsel. The department has transitioned from being a member of the board which issued decisions on tax appeals to an adversarial procedure where the department and the taxpayer are opposing parties. The time commitment has increased from approximately one day per month for a few attorneys to nearly one-third of each attorney's time. This could create delays with other important functions performed by the department's legal staff, including the timely drafting of regulations, dealing with tax appeals at Commonwealth Court and a decline in customer service, such as answering technical tax questions from individuals and businesses and drafting letter rulings.

From a policy prospective, Pennsylvania is at a crossroads. The commonwealth has a \$2 billion structural budget deficit that must be addressed. One path to eliminate the deficit is to cut \$1.6 billion in state aid to education and state funding of human services and eliminate all non-preferred state appropriations, including funding for state-related universities. That path would lead to increases in local property taxes and unprecedented reductions in education and human service funding. Governor Wolf is proposing to take the better path. His balanced budget would move Pennsylvania forward by eliminating the structural deficit while investing in schools, fully funding previously accrued pension obligations, and meeting debt obligations and critical human service needs.

To address the state's fiscal crisis and invest in those core priorities, the governor is proposing a budget with sustainable revenues, including a reasonable severance tax that is consistent with rates charged in other states. Pennsylvania is the second largest producer of natural gas in the nation, but we remain the only major natural gas producing state without a severance tax. Governor Wolf is proposing a

reasonable 6.5 percent severance tax on the value of the gas and natural gas liquids, a rate lower than other large energy-producing states including Texas and Oklahoma. The existing impact fee would continue with producers able to take a 100 percent credit against the severance tax, resulting in \$218 million in net new revenue in 2016-17 which represents eight months of collections. Net new revenue after impact fee credits for the first full year of collections will be \$340.7 million. After the credit, the net effective rate of the severance tax would be 4 percent initially then declining to 3.6 percent. Governor Wolf's proposal is a sensible approach that allows the state to capitalize on our good fortune sitting atop one of the largest supplies of natural gas in the world and would enable all citizens to benefit from the abundant resource by addressing the budget deficit and investing in our future.

When considering the governor's severance tax proposal, it is important to remember the natural gas industry's state tax obligations are relatively low. In 2013, the most recent year with complete available data, the industry paid only 0.43 percent in state taxes – corporate income tax, capital stock and franchise tax, use tax, and personal income tax – based on the total value of the gas extracted. One reason for this low tax rate is the majority of the industry operates as pass-through entities in Pennsylvania. Rather than pay the 9.99 percent corporate net income tax, the majority of these companies are taxed at the state's low personal income tax rate. Producers are also benefiting this year from the elimination of the capital stock and franchise tax after years of on-again, off-again efforts to phase down the tax. Despite the structural deficit, Governor Wolf remained committed to eliminating the outdated tax that failed to incentivize job growth.

Another policy priority for Governor Wolf is to address the Public School Employees' Retirement System's (PSERS) unfunded liability that accrued during the years when the commonwealth failed to fund its share of the actuarially sound contributions. The governor's proposal would increase the personal income tax from 3.07 percent to 3.4 percent and transfer nearly half of the revenue to a restricted account to help ensure the actuarially sound pension contributions are made this year and going forward. This is critical to stop the upward pressure on local property taxes due to rising pension costs.

The dedicated funding will amount to \$280 million this fiscal year and \$560 million in 2016-17. Under this modest rate change, and the application of the personal income tax to Pennsylvania Lottery winnings, the commonwealth would have the third-lowest rate of all states with a personal income tax, and would remain lower than all of our surrounding states. The proposal also increases the exemption for special tax forgiveness by 40 percent to help struggling families. A family of four making up to \$36,400 – 150 percent of the federal poverty level – would not pay income tax. In total, more than 422,400 taxpayers will benefit from the expansion, including nearly 203,800 who would gain greater tax forgiveness and 218,600 who would become newly eligible.

Additional proposals to eliminate the budget deficit will create fair and equitable tobacco taxation and include additional items in the sales tax base. Governor Wolf has proposed a \$1 per pack increase in the cigarette tax, from \$1.60 per pack to \$2.60 per pack. The tax would remain lower than New York's per-pack tax rate of \$4.35 and New Jersey's \$2.70. Additionally, the governor's budget includes a 40 percent tax on the wholesale price of other tobacco products such as loose and smokeless tobacco and cigars. Pennsylvania is the only state without an excise tax on other tobacco products. Further, the wholesale tax proposal includes e-cigarettes acknowledging a shift in the tobacco industry. The proposal would take a step toward balancing the treatment of all forms of tobacco, and further discourage young people from starting an unhealthy tobacco habit early in life.

The governor is proposing to maintain the current sales tax rate while adding movie tickets and basic television to the tax base. Of the 46 states with a sales tax, 34 states apply the sales tax to movie tickets and 25 states tax basic television. Additionally, the budget clarifies that the sales tax applies to digital downloads and streaming of books, movies, videos and photos. Twenty-eight states tax some or all types of digital goods and services. To further modernize the state's sales tax structure, the budget places a limit on the vendor discount of \$25 per month, ending the outdated practice of allowing businesses to keep 1 percent of the sales tax collected for the timely remitting of the tax to the state. The discount was created more than 60 years ago when businesses kept records by hand. Computers have revolutionized how businesses remit taxes and the vendor discount must change with the times. Imposing the reasonable cap will save taxpayers \$10.7 million beginning April 1 and \$66.6 million in the next fiscal year.

Other enhancements will provide revenue to meet the state's financial responsibilities and eliminate the deficit that has been growing each year. Effective for the 2016 tax year, the budget proposes a 0.5 percent surcharge on property, casualty and fire insurance premiums, bringing the total rate on those premium types to 2.5 percent. The revenue will be deposited in the General Fund. To make local communities safer, Governor Wolf is proposing to transfer \$10 million annually starting next year to a restricted account dedicated to supporting volunteer firefighters across the state. The budget also clarifies unresolved issues in the bank shares tax changes made by Act 52 of 2013, which was intended to be revenue neutral with approximately \$350 million in annual collections. Reducing the rate to 0.89 percent resulted in collections falling to \$307 million in FY 2013-14 and \$281 million in FY 2014-15. The governor is proposing to return to a revenue neutral bank shares tax rate of 0.99 percent effective January 1, 2016. Additionally, the budget responds to changes in the state's casino industry by proposing an 8 percent tax on promotional play of slot machines and table games. The exempt play promotions provided to players have grown from 7 percent of gross terminal revenue in 2007-08 to 27 percent in 2014-15.

After years of budgets that underfunded public schools and services while kicking the can down the road to avoid fixing the structural deficit, Pennsylvania has a choice. We can provide the necessary revenue to address the deficit and invest in the commonwealth's future. Or we can make unprecedented cuts in state expenditures that will decimate public education and human services and send local property tax rates soaring. We do not have the option of continuing with unbalanced budgets that have lowered our credit rating repeatedly and threatened the continued financial stability of the commonwealth's system of self-government.

The revenue and tax proposals within the governor's budget support the path to prosperity. I look forward to working with each of you, and the full Legislature, in the weeks ahead to resolve the commonwealth's budgetary challenges. Thank you for the opportunity to offer testimony on behalf of the Department of Revenue. My colleagues and I look forward to answering your questions.



COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF REVENUE
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THE SECRETARY

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February 11, 2016

Honorable Patrick Browne
Majority Chairman
Senate Appropriations Committee
Room 281
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Harrisburg, PA 17120

Honorable William Adolph
Majority Chairman
House Appropriations Committee
Room 245
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Honorable Vincent Hughes
Minority Chairman
Senate Appropriations Committee
Room 545
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Harrisburg, PA 17120

Honorable Joseph Markosek
Minority Chairman
House Appropriations Committee
Room 512E
Main Capitol Building
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Gentlemen:

I am pleased to provide you with the information requested concerning the 2016-17 Governor's Budget Request as it relates to the Department of Revenue. Our response also includes the report on costs of collecting Local Sales Tax for Allegheny and Philadelphia Counties.

The listing of contracts for the various appropriations has been submitted as a separate document. I trust this information will be of value to you. Any additional information or clarification of the Department's request will be provided upon your request.

Respectfully,

Eileen H. McNulty
Secretary of Revenue

Pennsylvania Department of Revenue

Our Mission

To fairly, efficiently, and accurately administer the tax laws and other revenue programs of the Commonwealth to fund necessary government services.

Our Vision

To be a continually improving revenue agency that is valued for customer service, integrity, innovation, and a caring and professional workforce. The agency will be efficient in the administration of taxes, lottery services, and other revenue initiatives to the common benefit of all Pennsylvanians.

Our Goals

Improve customer service and build trust with all stakeholders

Create efficiencies, reduce redundancies, lower costs and improve productivity

Enhance the equitable collection of taxes due, through clarity of compliance, education of tax obligations, and leveraging technology, data and information so as to enforce the tax laws equally for all taxpayers

Align Revenue's initiatives with the priorities of the Governor

Attract, develop and retain skilled and motivated employees by fostering job satisfaction and creating a productive work environment

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CONTRACT LIST SUBMITTED AS A SEPARATE DOCUMENT

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
General Government Operations (SAP - 1020816)

Page # of Governor's Executive Budget:		E39-3, E39-5, E39-6, E39-7, E39-10				
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Request		
State Funds		\$129,538	\$126,396	\$148,567		
Federal Funds						
Other Funds		\$49,808	\$51,945	\$53,326		
Total		\$179,346	\$178,341	\$201,893		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)		2013-14	2014-15	Estimated 2015-16		
State Funds		\$4,745	\$0	\$0		
III. COMPLEMENT INFORMATION		12/31/2014	12/31/2015	2016-17 Budgeted		
State Funded	- Authorized	1,604	1,604	1,648		
	- Filled	1,441	1,477	n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL						
State Funds		\$93,258	\$99,161	\$115,893	\$16,732	16.87%
Federal Funds					\$0	0.00%
Other Funds		\$42,768	\$44,004	\$44,387	\$383	0.87%
Total Personnel		\$136,026	\$143,165	\$160,280	\$17,115	11.95%
OPERATING						
State Funds		\$35,800	\$25,081	\$32,050	\$6,969	27.79%
Federal Funds					\$0	0.00%
Other Funds		\$7,040	\$7,941	\$8,939	\$998	12.57%
Total Operating		\$42,840	\$33,022	\$40,989	\$7,967	24.13%
FIXED ASSETS						
State Funds		\$480	\$2,154	\$624	(\$1,530)	-71.03%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Fixed Assets		\$480	\$2,154	\$624	(\$1,530)	-71.03%
GRANT & SUBSIDY						
State Funds					\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Grant & Subsidy		\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE						
State Funds				\$0	\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Budgetary Reserve		\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS						
State Funds		\$129,538	\$126,396	\$148,567	\$22,171	17.54%
Federal Funds		\$0	\$0	\$0	\$0	0.00%
Other Funds		\$49,808	\$51,945	\$53,326	\$1,381	2.66%
Total Funds		\$179,346	\$178,341	\$201,893	\$23,552	13.21%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were calculated based on approved salary positions and established employee benefit rates.

(B) Operating Expenses

Operating costs were calculated to maintain required levels of operation.

(C) Fixed Assets

Fixed asset funding provides for Reference USA annual software, replacement of Windows 2008 servers, additional VM servers, Cisco ACS software, and replacement of the department's firewall, storage, and mainframe production printers.

Legislative Citations:

N/A

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

The Governor's Budget requests a supplemental appropriation of \$9.165M.

Date current appropriation will be exhausted: June 2016

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$12,211
Other Funds	\$0
	<hr/>
Total	\$12,211

VI. PROGRAM STATEMENT

This program administers the commonwealth's revenue statutes by assessing and collecting various taxes. Major revenue sources for the General Fund include personal income, sales and use, corporation, gross receipts, cigarette, inheritance, beverage and realty transfer taxes. Tax revenue is also collected for the first and second class county sales taxes and for the Motor License, Racing and Gaming Funds. The department prepares the official estimates of the tax yield due the commonwealth and analyzes the effect on revenues of proposed changes in either the laws or the tax structure of the commonwealth.

APPROPRIATION NAME
General Government Operations (SAP - 1020816)

VII. PROGRAM PERFORMANCE	2014-15	2015-16	2016-17
Electronic Filings			
Percentage of corporation tax returns filed electronically	67%	75%	80%
Percentage of sales and use tax returns filed electronically	99%	99%	99%
Percentage of employer tax returns filed electronically	99%	99%	99%
Percentage of personal income tax returns filed electronically	79%	80%	81%
Percentage of motor fuels tax returns filed electronically	40%	50%	60%
Delinquent Collections			
Collections from delinquent accounts (in millions)	\$606	\$600	\$600
Delinquent taxes collected per dollar spent	\$8.53	\$8.12	\$7.81
Enhanced Revenue Collections Account collections (in millions)	\$311	\$310	\$310
Enhanced Revenue Collection Account collections per dollar spent	\$12.44	\$12.40	\$12.40
Taxpayer Services Provided			
Appeals filed with the Board of Appeals (all tax types)	25,589	27,500	27,500
Average time to close Board of Appeals cases (in days)	89	89	89
Taxpayer Service and Information Center calls answered	498,452	400,000	400,000
Average call wait time for TS&IC (in minutes)	11.12	8	8
Average wait time of all taxpayer phone calls (in minutes)	5.43	2.64	2.59
Cases opened by the Taxpayer Rights Advocate (TRA)	1,684	1,300	1,400
Operating Efficiency			
Percentage of administrative and IT personnel to total personnel (all funds)	12.84%	12.84%	12.84%
Average cost to process a tax return	\$2.92	\$2.89	\$2.86

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
Distribution of Public Utility Realty Tax (SAP - 1020916)

Page # of Governor's Executive Budget: E39-3, E39-5, E39-8, E39-11

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Request		
State Funds	\$30,834	\$32,376	\$30,677		
Federal Funds					
Other Funds					
Total	\$30,834	\$32,376	\$30,677		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-14	2014-15	Estimated 2015-16		
State Funds	\$2,648	\$532	\$3,160		
III. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-17 Budgeted		
State Funded - Authorized - Filled			n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	\$0	\$0	\$0	\$0	0.00%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds	\$30,834	\$29,216	\$30,677	\$1,461	5.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$30,834	\$29,216	\$30,677	\$1,461	5.00%
BUDGETARY RESERVE					
State Funds	\$0	\$3,160	\$0	(\$3,160)	-100.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$3,160	\$0	(\$3,160)	-100.00%
TOTAL FUNDS					
State Funds	\$30,834	\$32,376	\$30,677	(\$1,699)	-5.25%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$30,834	\$32,376	\$30,677	(\$1,699)	-5.25%

APPROPRIATION NAME
 Distribution of Public Utility Realty Tax
 (SAP - 1020916)

**V. DERIVATION OF REQUEST/
 LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

N/A

(B) Operating Expenses

N/A

(C) Fixed Assets

N/A

Legislative Citations:

This program was originally established under Act 27 of July 4, 1979 (Article XI-A of the Tax Reform Code of 1971 was the enabling legislation).
 72 P.S. 8108-A(b)

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
 (\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

N/A

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
 (\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	,\$0

VI. PROGRAM STATEMENT

A 1968 amendment to the state constitution exempted public utilities from locally administered property taxes and authorized the collection of a similar statewide tax known as the Public Utility Realty Tax (PURTA). The proceeds of the tax are distributed to each local taxing authority thereby providing local revenue while ensuring fair treatment for utilities. Act 4 of 1999 revised the definition of public utility property and specifically removed, after December 31, 1999, electricity generation facilities from the definition. This was done in conjunction with electric deregulation, which opened market competition and changed previous public utility definitions for power generation. The distribution is based on the ratio between the total tax receipts of a local taxing authority and the total tax receipts of all reporting tax authorities. This ratio is then applied to the total amount of taxes that reporting authorities could have collected had they been able to directly tax public utility realty.

VII. PROGRAM PERFORMANCE

	2014-15	2015-16	2016-17
Taxing Authorities Receiving Funds	2,626	3,052	3,052

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
Commissions - Inheritance and Realty Transfer Tax Collections (SAP - 2001916)

Page # of Governor's Executive Budget: E39-3, E39-5, E39-6, E39-7

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Request
State Funds	\$7,975	\$8,244	\$8,646
Federal Funds			
Other Funds			
Total	\$7,975	\$8,244	\$8,646

II. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-14	2014-15	Estimated 2015-16
State Funds	\$68	\$619	

III. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-17 Budgeted
State Funded - Authorized			
State Funded - Filled			n/a

IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	\$0	\$0	\$0	\$0	0.00%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
NON-EXPENSE/INTERAGENCY					
State Funds	\$7,975	\$8,244	\$8,646	\$402	4.88%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$7,975	\$8,244	\$8,646	\$402	4.88%
BUDGETARY RESERVE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$7,975	\$8,244	\$8,646	\$402	4.88%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$7,975	\$8,244	\$8,646	\$402	4.88%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

N/A

(B) Operating Expenses

N/A

(C) Non-Expense/Interagency

The recommended funding level is based on current revenue estimates and the impacts of both federal and state changes to the inheritance Tax Laws.

Legislative Citations:

This executive authorization was established under Act 283 of 1986.
72 P.S. 202-203.

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
<hr/>	
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
<hr/>	
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization provides funds for the payment of statutory commissions based on collections by the Register of Wills and Recorder of Deeds on Inheritance and Realty Transfer Taxes.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
Technology and Process Modernization (SAP - 1095316)

Page # of Governor's Executive Budget: E39-3, E39-5, E39-7

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Request
State Funds	\$8,000	\$6,500	\$6,500
Federal Funds			
Other Funds			
Total	\$8,000	\$6,500	\$6,500

II. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-14	2014-15	Estimated 2015-16
State Funds	\$0	\$0	\$0

III. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-17 Budgeted
State Funded - Authorized	0	0	0
- Filled	0	0	n/a

IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$7,868	\$6,500	\$6,500	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	\$7,868	\$6,500	\$6,500	\$0	0.00%
FIXED ASSETS					
State Funds	\$132			\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$132	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$8,000	\$6,500	\$6,500	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$8,000	\$6,500	\$6,500	\$0	0.00%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

N/A

(B) Operating Expenses

Operating costs include funds for development and implementation of an integrated tax system.

(C) Fixed Assets

N/A

Legislative Citations:

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
Total:	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$6,790
Other Funds	\$0
Total	\$6,790

VI. PROGRAM STATEMENT

In 2010, the department initiated a multi-year Revenue Modernization Project to replace multiple legacy tax systems, some of which have been in existence for over 20 years, with a new, integrated tax system. The new system will provide a consolidated view of a taxpayer's account and enhanced functionality for data validation and analysis, generation of correspondence (both paper and electronic), and taxpayer self-service.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME Gaming - General Operations (SAP - 1490616)
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Page # of Governor's Executive Budget: E39-4, E39-5

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Request
State Funds			
Federal Funds			
Other Funds	\$9,513	\$9,513	\$9,513
Total	\$9,513	\$9,513	\$9,513

II. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-14	2014-15	Estimated 2015-16
State Funds	\$0	\$0	\$0

III. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-17 Budgeted
State Funded			
- Authorized	25	25	25
- Filled	19	20	n/a

IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds	\$2,005	\$2,137	\$2,214	\$77	3.60%
Total Personnel	\$2,005	\$2,137	\$2,214	\$77	3.60%
OPERATING					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds	\$7,508	\$7,376	\$7,299	(\$77)	-1.04%
Total Operating	\$7,508	\$7,376	\$7,299	(\$77)	-1.04%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$9,513	\$9,513	\$9,513	\$0	0.00%
Total Funds	\$9,513	\$9,513	\$9,513	\$0	0.00%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

All personnel costs were calculated based on approved salary positions and established employee benefit rates.

(B) Operating Expenses

Operating costs include funding for the Central Control Computer System and other costs to administer the collection of gaming taxes and assessments.

(C) Fixed Assets

N/A

Legislative Citation:

This appropriation was established by an amendment to Act No. 71 of 2004 (Pennsylvania Race Horse Development and Gaming Act).

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This program is responsible for the collection and distribution of gaming taxes and assessments.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
Lottery Administration - General Operations State Lottery Fund (SAP 2029616)

Page # of Governor's Executive Budget:		E39-3, E39-4, E39-5, E39-6, E39-7, E39-11			
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)					
	<u>2014-15 Actual</u>	<u>2015-16 Available</u>	<u>2016-17 Request</u>		
State Funds	\$36,006	\$45,428	\$51,625		
Federal Funds	\$0	\$0	\$0		
Other Funds	\$160	\$176	\$180		
Total	\$36,166	\$45,604	\$51,805		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)					
	<u>2013-14</u>	<u>2014-15</u>	<u>Estimated 2015-16</u>		
State Funds	\$2,631	\$1,918	\$0		
III. COMPLEMENT INFORMATION					
	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>2016-17 Budgeted</u>		
State Funded - Authorized	259	259	259		
State Funded - Filled	243	238	n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)					
	<u>2014-15 Actual</u>	<u>2015-16 Available</u>	<u>2016-17 Budgeted</u>	<u>Change Budgeted vs. Available</u>	<u>Percent Change</u>
PERSONNEL					
State Funds	\$21,560	\$23,332	\$23,986	\$654	2.80%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$50	\$50	\$50	\$0	0.00%
Total Personnel	\$21,610	\$23,382	\$24,036	\$654	2.80%
OPERATING					
State Funds	\$11,541	\$14,026	\$19,629	\$5,603	39.95%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$110	\$126	\$130	\$4	3.17%
Total Operating	\$11,651	\$14,152	\$19,759	\$5,607	39.62%
FIXED ASSETS					
State Funds	\$2,905	\$8,070	\$8,010	(\$60)	-0.74%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Fixed Assets	\$2,905	\$8,070	\$8,010	(\$60)	-0.74%
GRANT & SUBSIDY					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$36,006	\$45,428	\$51,625	\$6,197	13.64%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$160	\$176	\$180	\$4	2.27%
Total Funds	\$36,166	\$45,604	\$51,805	\$6,201	13.60%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were calculated based on approved salary positions and established employee benefit rates.

(B) Operating Expenses

Operating costs reflect anticipated costs of maintaining current operations.

(C) Fixed Assets

Funding is to purchase equipment for retailer base expansion and new drawing machines.

Legislative Citations:

N/A

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This program is responsible for the administration of the State Lottery. Through a network of private retailers, the Commonwealth sells lottery tickets, the proceeds of which support programs for older Pennsylvanians.

VII. PROGRAM PERFORMANCE

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Lottery operating costs as a percentage of ticket sales (includes advertising and commissions)	3.87%	4.27%	4.18%
Lottery operating costs as a percentage of ticket sales (includes cost of lottery administration only)	1%	1.15%	1.29%
Expand Lottery active points of sale	15,023	15,723	16,673

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
Property Tax Rent Rebate - General Operations State Lottery Fund (SAP 2036116)

Page # of Governor's Executive Budget:		E39-3, E39-4, E39-5, E39-7			
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17		
	Actual	Available	Request		
State Funds	\$13,558	\$14,909	\$15,244		
Federal Funds					
Other Funds					
Total	\$13,558	\$14,909	\$15,244		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)					
	2013-14	2014-15	Estimated		
			2015-16		
State Funds	\$391	\$335	\$0		
III. COMPLEMENT INFORMATION					
	12/31/2014	12/31/2015	2016-17		
			Budgeted		
State Funded - Authorized	67	67	67		
State Funded - Filled	63	63	n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17	Change	Percent
	Actual	Available	Budgeted	Budgeted vs.	Change
				Available	
PERSONNEL					
State Funds	\$5,949	\$6,246	\$6,581	\$335	5.36%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$5,949	\$6,246	\$6,581	\$335	5.36%
OPERATING					
State Funds	\$7,609	\$8,663	\$8,663	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	\$7,609	\$8,663	\$8,663	\$0	0.00%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$13,558	\$14,909	\$15,244	\$335	2.25%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$13,558	\$14,909	\$15,244	\$335	2.25%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

All personnel costs were calculated based on approved salary positions and established employee benefit rates.

(B) Operating Expenses

Operating costs reflects funding needed to maintain current operations.

(C) Fixed Assets

N/A

Legislative Citations:

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

Administrative costs of the Property Tax Rent Rebate assistance program for older Pennsylvanians and other qualified recipients.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
State Lottery Fund - Advertising (SAP - 2027016)

Page # of Governor's Executive Budget:		E39-3, E39-4, E39-5, E39-6, E39-7, E39-11			
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17		
	Actual	Available	Request		
State Funds	\$40,004	\$44,000	\$44,000		
Federal Funds	\$0	\$0	\$0		
Other Funds	\$0	\$0	\$0		
Total	\$40,004	\$44,000	\$44,000		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)					
	2013-14	2014-15	Estimated		
			2015-16		
State Funds	\$3,090	\$4,604	\$0		
III. COMPLEMENT INFORMATION					
	12/31/2014	12/31/2015	2016-17		
			Budgeted		
State Funded	- Authorized				
	- Filled		n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17	Change	Percent
	Actual	Available	Budgeted	Budgeted vs.	Change
				Available	
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$40,004	\$44,000	\$44,000	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$40,004	\$44,000	\$44,000	\$0	0.00%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$40,004	\$44,000	\$44,000	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$40,004	\$44,000	\$44,000	\$0	0.00%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

N/A

(B) Operating Expenses

Operating costs include funding for Lottery advertising and costs of promotional activity to enhance sales and improve the fund's solvency. Advertising funds will be used to increase the visibility of all lottery games.

(C) Fixed Assets

N/A

Legislative Citations:

72 P.S. 3761-303 & 3761-304

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization provides funds for Lottery advertising and costs of promotional activity to enhance sales and improve the fund's solvency. Advertising funds will be used to increase the visibility of all lottery games.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
State Lottery Fund - On-Line Vendor Commissions
(SAP - 2002216)

Page # of Governor's Executive Budget:		E39-3, E39-4, E39-5, E39-6, E39-7, E39-11			
I. SUMMARY FINANCIAL DATA					
(\$ Amounts in Thousands)		2014-15	2015-16	2016-17	
		Actual	Available	Request	
State Funds		\$39,010	\$39,854	\$42,522	
Federal Funds		\$0	\$0	\$0	
Other Funds		\$0	\$0	\$0	
Total		\$39,010	\$39,854	\$42,522	
II. HISTORY OF LAPSES					
(\$ Amounts in Thousands)		2013-14	2014-15	Estimated	
				2015-16	
State Funds		\$229	\$469	\$0	
III. COMPLEMENT INFORMATION					
		12/31/2014	12/31/2015	2016-17	
				Budgeted	
State Funded	- Authorized				
	- Filled			n/a	
IV. DETAIL BY MAJOR OBJECT					
(\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17	Change	Percent
	Actual	Available	Budgeted	Budgeted vs.	Change
				Available	
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$39,010	\$39,854	\$42,522	\$2,668	6.69%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$39,010	\$39,854	\$42,522	\$2,668	6.69%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$39,010	\$39,854	\$42,522	\$2,668	6.69%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$39,010	\$39,854	\$42,522	\$2,668	6.69%

**V. DERIVATION OF REQUEST/
 LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

N/A

(B) Operating Expenses

Operating costs include funding for payment of commissions to the contractor who operates the "On-Line" (terminal-based) games system.

(C) Fixed Assets

N/A

Legislative Citation:

61 PA Code 805.10

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
 (\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
 (\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization provides funds for payment of commissions to the contractor who operates the "On-Line" (terminal-based) games system, provides Instant Ticket Vending Machines (ITVM's) maintenance, Lottery In Motion System monthly charges, maintenance on PCT flat panel monitors, and costs associated with wireless jackpot signs.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
State Lottery Fund - Instant Vendor Commissions
(SAP - 2002416)

Page # of Governor's Executive Budget:		E39-3, E39-4, E39-5, E39-6, E39-7, E39-11			
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Request	
State Funds		\$31,907	\$34,015	\$31,625	
Federal Funds		\$0	\$0	\$0	
Other Funds		\$0	\$0	\$0	
Total		\$31,907	\$34,015	\$31,625	
II. HISTORY OF LAPSES (\$ Amounts in Thousands)		2013-14	2014-15	Estimated 2015-16	
State Funds		\$1,780	\$705	\$0	
III. COMPLEMENT INFORMATION		12/31/2014	12/31/2015	2016-17 Budgeted	
State Funded	- Authorized - Filled			n/a	
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)					
	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$31,907	\$34,015	\$31,625	(\$2,390)	-7.03%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$31,907	\$34,015	\$31,625	(\$2,390)	-7.03%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$31,907	\$34,015	\$31,625	(\$2,390)	-7.03%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$31,907	\$34,015	\$31,625	(\$2,390)	-7.03%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

N/A

(B) Operating Expenses

Operating costs include funding for payment of ticket testing and vendor commissions for the printing, warehousing and delivery of instant tickets to retailers.

(C) Fixed Assets

N/A

Legislative Citation:

61 PA Code Chapter 801

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization provides funds for payment of ticket testing and vendor commissions for the printing, warehousing and delivery of instant tickets to retailers.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
State Lottery Fund - Payment of Prizes (SAP - 2002016)

Page # of Governor's Executive Budget: E39-4, E39-5, E39-6, E39-7, E39-11

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Request		
State Funds	\$359,353	\$297,099	\$298,958		
Federal Funds	\$0	\$0	\$0		
Other Funds	\$0	\$0	\$0		
Total	\$359,353	\$297,099	\$298,958		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-14	2014-15	Estimated 2015-16		
State Funds	\$8,257	\$8,678	\$0		
III. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-17 Budgeted		
State Funded - Authorized - Filled			n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds	\$359,353	\$297,099	\$298,958	\$1,859	0.63%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Operating	\$359,353	\$297,099	\$298,958	\$1,859	0.63%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$359,353	\$297,099	\$298,958	\$1,859	0.63%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$359,353	\$297,099	\$298,958	\$1,859	0.63%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

N/A

(B) Operating Expenses

Operating costs include funding to pay Lottery prizes.

(C) Fixed Assets

N/A

Legislative Citation:

72 P.S. 3761-311

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization was established under Act No. 91 of 1971 (The State Lottery Law), and is used to pay Lottery prizes in the following categories: On-line game prizes that are more than \$2,500; On-Line prizes that were not claimed within 180 days and are more than \$100; instant game prizes over \$2,500; and prizes in any amount where the winning ticket holder chooses to present his/her ticket at Lottery headquarters for payment.
The recommended funding level is based on the latest projection of ticket sales including the multi-state Powerball and Mega Millions games and Cash4Life games.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME Property Tax and Rent Assistance for Older Pennsylvanians - State Lottery Fund (SAP 2002116)
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Page # of Governor's Executive Budget: E39-4, E39-5, E39-9, E39-11

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Request		
State Funds		\$278,250	\$285,200	\$289,900		
Federal Funds						
Other Funds						
Total		\$278,250	\$285,200	\$289,900		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)		2013-14	2014-15	Estimated 2015-16		
State Funds		\$13,532	\$2,406	\$0		
III. COMPLEMENT INFORMATION		12/31/2014	12/31/2015	2016-17 Budgeted		
State Funded	- Authorized - Filled			n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL						
State Funds					\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Personnel		\$0	\$0	\$0	\$0	0.00%
OPERATING						
State Funds					\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Operating		\$0	\$0	\$0	\$0	0.00%
FIXED ASSETS						
State Funds					\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Fixed Assets		\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY						
State Funds		\$278,250	\$285,200	\$289,900	\$4,700	1.65%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Grant & Subsidy		\$278,250	\$285,200	\$289,900	\$4,700	1.65%
BUDGETARY RESERVE						
State Funds				\$0	\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Budgetary Reserve		\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS						
State Funds		\$278,250	\$285,200	\$289,900	\$4,700	1.65%
Federal Funds		\$0	\$0	\$0	\$0	0.00%
Other Funds		\$0	\$0	\$0	\$0	0.00%
Total Funds		\$278,250	\$285,200	\$289,900	\$4,700	1.65%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

N/A

(B) Operating Expenses

N/A

(C) Fixed Assets

N/A

Legislative Citations: 72 P.S. 4751-8 & P.S. 3761-311

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization provides funds for older Pennsylvanians, surviving spouses over 50 and permanently disabled citizens 18 years of age or older to lead fuller lives by restoring a portion of their income through property tax and rent rebate assistance.

Act 53 of 1985 set the income ceiling for program eligibility at \$15,000 per household. The maximum benefit was 100 percent of the property taxes or rent paid or \$500 - whichever was less. Act 30 of 1999 excluded 50 percent of Social Security Income and Railroad Retirement Benefits from the income eligibility calculation. In 2014-15, the average property tax rebate was \$442.59 and the average rent rebate was \$542.92.

HB 39 (Special Session of 2005) dramatically expanded the current Property Tax/Rent Rebate program to give more Pennsylvanians a rebate and increase the amount of the rebates. The expansion includes increasing the household income limit from \$15,000 to \$35,000 and increasing the maximum rebate from \$500 to \$650.

VII. PROGRAM PERFORMANCE

	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>
Households provided property tax or rent assistance	578,790	582,000	578,000
Households applying by June 30	546,749	545,000	545,000
Rebates mailed by July 31	531,519	500,000	500,000

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME Collections - State Racing (SAP - 2002516)

Page # of Governor's Executive Budget:		E39-4, E39-5, E39-6, E39-7			
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)					
	<u>2014-15</u> Actual	<u>2015-16</u> Available	<u>2016-17</u> Request		
State Funds	\$0	\$237	\$237		
Federal Funds					
Other Funds					
Total	<u>\$0</u>	<u>\$237</u>	<u>\$237</u>		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)					
	<u>2013-14</u>	<u>2014-15</u>	<u>Estimated</u> 2015-16		
State Funds	\$237	\$237	\$237		
III. COMPLEMENT INFORMATION					
	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>2016-17</u> Budgeted		
State Funded	1	1	1		
- Authorized	0	0	n/a		
- Filled					
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)					
	<u>2014-15</u> Actual	<u>2015-16</u> Available	<u>2016-17</u> Budgeted	<u>Change</u> Budgeted vs. Available	<u>Percent</u> Change
PERSONNEL					
State Funds			\$73	\$73	N/A
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	<u>\$0</u>	<u>\$0</u>	<u>\$73</u>	<u>\$73</u>	<u>N/A</u>
OPERATING					
State Funds			\$164	\$164	N/A
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	<u>\$0</u>	<u>\$0</u>	<u>\$164</u>	<u>\$164</u>	<u>N/A</u>
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.00%</u>
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0.00%</u>
BUDGETARY RESERVE					
State Funds	\$0	\$237		(\$237)	-100.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	<u>\$0</u>	<u>\$237</u>	<u>\$0</u>	<u>(\$237)</u>	<u>-100.00%</u>
TOTAL FUNDS					
State Funds	\$0	\$237	\$237	\$0	0.00%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	<u>\$0</u>	<u>\$237</u>	<u>\$237</u>	<u>\$0</u>	<u>0.00%</u>

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were calculated based on approved salary position and established employee benefit rates.

(B) Operating Expenses

Operating costs were calculated to maintain required levels of operation.

(C) Fixed Assets

N/A

Legislative Citation:

This appropriation was established under Act 93 of 1983.

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization provides funds for the administration and collection of Horse and Harness Racing taxes.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME
Collection - Liquid Fuels Tax Motor License Fund (SAP 1020616)

Page # of Governor's Executive Budget: E39-3, E39-5, E39-6, E39-7, E39-10

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Request		
State Funds		\$15,695	\$18,076	\$19,299		
Federal Funds		\$255	\$250	\$250		
Other Funds						
Total		\$15,950	\$18,326	\$19,549		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)		2013-14	2014-15	Estimated 2015-16		
State Funds		\$2,585	\$1,950	\$0		
III. COMPLEMENT INFORMATION		12/31/2014	12/31/2015	2016-17 Budgeted		
State Funded	- Authorized	90	90	90		
	- Filled	80	83	n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)		2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL						
State Funds		\$7,322	\$8,195	\$8,528	\$333	4.06%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Personnel		\$7,322	\$8,195	\$8,528	\$333	4.06%
OPERATING						
State Funds		\$8,373	\$9,881	\$10,771	\$890	9.01%
Federal Funds		\$255	\$250	\$250	\$0	0.00%
Other Funds					\$0	0.00%
Total Operating		\$8,628	\$10,131	\$11,021	\$890	8.78%
FIXED ASSETS						
State Funds					\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Fixed Assets		\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY						
State Funds					\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Grant & Subsidy		\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE						
State Funds				\$0	\$0	0.00%
Federal Funds					\$0	0.00%
Other Funds					\$0	0.00%
Total Budgetary Reserve		\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS						
State Funds		\$15,695	\$18,076	\$19,299	\$1,223	6.77%
Federal Funds		\$255	\$250	\$250	\$0	0.00%
Other Funds		\$0	\$0	\$0	\$0	0.00%
Total Funds		\$15,950	\$18,326	\$19,549	\$1,223	6.67%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

All personnel costs were calculated based on approved salary positions and established employee benefit rates.

(B) Operating Expenses

Operating costs were calculated to maintain current levels of operation and audit activity relative to tax laws. Funding is included to enhance auditing capabilities as required by the International Fuel Tax Agreement. This Federal law requires the implementation of a uniform system of collecting road tax among all states. The design of the Motor Fuels Compliance Strategy is to increase annual revenue and lower administrative costs.

(C) Fixed Assets

N/A

Legislative Citations: Enabling Legislation was the Liquid Fuels Tax Act of May 1931 (P.L. 149).
75 PA CS 9015(c) & Fiscal Code 72 P.S. 203.

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
<hr/>	
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
<hr/>	
Total	\$0

VI. PROGRAM STATEMENT

This appropriation provides for the administration, enforcement and auditing of the Liquid Fuels, Oil Franchise and Motor Carrier Road Taxes.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME Federal Fuel Tax Evasion Project (SAP 8245616)

Page # of Governor's Executive Budget: E39-3, E39-5, E39-10

I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Request		
State Funds					
Federal Funds	\$255	\$250	\$250		
Other Funds					
Total	\$255	\$250	\$250		
II. HISTORY OF LAPSES (\$ Amounts in Thousands)	2013-14	2014-15	Estimated 2015-16		
Federal Funds	\$135	\$255			
III. COMPLEMENT INFORMATION	12/31/2014	12/31/2015	2016-17 Budgeted		
State Funded - Authorized					
- Filled			n/a		
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)	2014-15 Actual	2015-16 Available	2016-17 Budgeted	Change Budgeted vs. Available	Percent Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds				\$0	0.00%
Federal Funds	\$255	\$250	\$250	\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	\$255	\$250	\$250	\$0	0.00%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
GRANT & SUBSIDY					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$0	\$0	\$0	\$0	0.00%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$0	\$0	\$0	\$0	0.00%
Federal Funds	\$255	\$250	\$250	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$255	\$250	\$250	\$0	0.00%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request

(A) Personnel

N/A

(B) Operating Expenses

Operating costs are reimbursed from the Federal Government for costs incurred on federal projects.

(C) Fixed Assets

N/A

Legislative Citations:

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization is for the reimbursement from the Federal government to the Motor Fund for costs incurred on federal projects.

VII. PROGRAM PERFORMANCE

**DEPARTMENT OF REVENUE
2016-17 BUDGET PRESENTATION**

APPROPRIATION NAME Refunding Liquid Fuels Tax Motor License Fund (SAP 2001716)

Page # of Governor's Executive Budget:		E39-3, E39-5, E39-6, E39-7			
I. SUMMARY FINANCIAL DATA (\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17		
	Actual	Available	Request		
State Funds	\$16,000	\$18,000		\$19,200	
Federal Funds					
Other Funds					
Total	\$16,000	\$18,000		\$19,200	
II. HISTORY OF LAPSES (\$ Amounts in Thousands)					
	2013-14	2014-15	Estimated		
			2015-16		
State Funds	\$0	\$0		\$0	
III. COMPLEMENT INFORMATION					
	12/31/2014	12/31/2015	2016-17		
			Budgeted		
State Funded					
- Authorized	n/a	n/a			
- Filled				n/a	
IV. DETAIL BY MAJOR OBJECT (\$ Amounts in Thousands)					
	2014-15	2015-16	2016-17	Change	
	Actual	Available	Budgeted	Budgeted vs.	Percent
				Available	Change
PERSONNEL					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Personnel	\$0	\$0	\$0	\$0	0.00%
OPERATING					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Operating	\$0	\$0	\$0	\$0	0.00%
FIXED ASSETS					
State Funds				\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Fixed Assets	\$0	\$0	\$0	\$0	0.00%
NON-EXPENSE (REFUNDS)					
State Funds	\$16,000	\$18,000	\$19,200	\$1,200	6.67%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Grant & Subsidy	\$16,000	\$18,000	\$19,200	\$1,200	6.67%
BUDGETARY RESERVE					
State Funds			\$0	\$0	0.00%
Federal Funds				\$0	0.00%
Other Funds				\$0	0.00%
Total Budgetary Reserve	\$0	\$0	\$0	\$0	0.00%
TOTAL FUNDS					
State Funds	\$16,000	\$18,000	\$19,200	\$1,200	6.67%
Federal Funds	\$0	\$0	\$0	\$0	0.00%
Other Funds	\$0	\$0	\$0	\$0	0.00%
Total Funds	\$16,000	\$18,000	\$19,200	\$1,200	6.67%

**V. DERIVATION OF REQUEST/
LEGISLATIVE CITATIONS**

Derivation of Request
(A) Personnel

N/A

(B) Operating Expenses

N/A

(C) Non-Expense (Refunds)

The funding requested has increased due to new legislation.

Legislative Citations: 75 PA C.S. 9017 - This executive authorization was established under Act 78 of 1986.
Enabling legislation is the Liquid Fuels Tax Act of May 1931 (P.L. 149).

Additional Information

(1) 2014-15 Obligations rolled forward to 2015-16
(\$ Amounts in Thousands)

State Funds	\$0
Federal Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

(2) 2015-16 Supplemental appropriation needs

Date current appropriation will be exhausted: N/A

(3) Prior FY appropriations waived pursuant to Act 146 of 1980, used to support the 2015-16 appropriation.
(\$ Amounts in Thousands)

State Funds	\$0
Other Funds	\$0
	<hr/>
Total	\$0

VI. PROGRAM STATEMENT

This executive authorization is established solely to provide refunds of overpayments of taxes to taxpayers.
There are no personnel, operating costs or contracts paid from this fund.

VII. PROGRAM PERFORMANCE

**Allegheny Local Sales Tax
Cost of Administration
Allegheny Regional Asset District**

	2013-2014 Actual	2014-2015 Actual	2015-16 Estimated
REVENUE (Net of Collection Costs)	\$ 180,931,585	\$ 185,647,194	\$ 186,000,000
COLLECTION COSTS			
Return Processing	\$ 487,874	\$ 454,767	\$ 432,000
Computer Operations	33,287	33,287	33,000
Appeals	34,087	47,376	49,000
Audits	998,683	711,986	948,000
Collections & Litigation	420,456	378,179	347,000
Direct & Start Up Costs	-	-	-
TRANSACTION COSTS - SUBTOTAL	\$ 1,974,387	\$ 1,625,595	\$ 1,809,000
PennDOT	\$ 50,122	\$ 66,366	\$ 60,000
TOTAL COSTS OF COLLECTION	<u>\$ 2,024,509</u>	<u>\$ 1,691,961</u>	<u>\$ 1,869,000</u>
Total Costs as a % of Revenue	1.11%	0.90%	0.99%
Tax Returns Processed that Included County Information	187,644	176,778	180,000
Transaction Costs/Returns	\$ 10.52	\$ 9.20	\$ 10.05
Average Remittance/Return	\$ 975.02	\$ 1,059.74	\$ 1,043.72

Philadelphia Local Sales Tax Cost of Administration vs Revenue

	2013-2014 Actual	2014-2015 Actual	2015-2016 Estimated
REVENUE (Net of Collection Costs)	\$ 263,652,263	\$ 269,655,812	\$ 270,000,000
ADMINISTRATIVE COSTS			
Return Processing	\$ 483,868	\$ 455,823	\$ 432,000
Computer Operations	33,287	33,287	33,000
Appeals	32,583	34,776	41,000
Audits	783,938	781,405	1,074,000
Collections & Litigation	417,002	379,024	347,000
TRANSACTION COSTS - SUBTOTAL	\$ 1,750,678	\$ 1,684,315	\$ 1,927,000
PennDOT	\$ 50,034	\$ 71,271	\$ 60,000
TOTAL COSTS OF COLLECTIONS	<u>\$ 1,800,712</u>	<u>\$ 1,755,586</u>	<u>\$ 1,987,000</u>
Total Costs as a % of Revenue	0.68%	0.65%	0.73%
Tax Returns Processed that Included County Information	186,103	177,193	180,000
Transaction Costs>Returns	\$ 9.41	\$ 9.51	\$ 10.71
Average Remittance/Return	\$ 1,426.38	\$ 1,531.73	\$ 1,511.04