

## **Louisiana Streamlining Commission**

### **Suggested Recommendations to Advisory Committee Chairmen**

#### Preamble:

The following comments on this cover sheet have been prepared at the Mercatus Center by Hon. Maurice McTigue. The purpose of the analysis was to identify issues that the committee might pursue and finally develop into recommendations to the full commission.

- The suggested recommendations are based on very limited information and the committee's local knowledge may determine that the suggestions are not viable. In that case the Committee should discard the suggested recommendation.
- If the Committee thinks the suggestion has merit then they should refer it to officials for their analysis.
- Some of our suggestions may be recommending a practice that is already in place, in which case the recommendation may be put aside or may be worded to endorse that practice or to extend it further than is the current practice.

#### **Department of Revenue**

- The core business of the department should specifically state "tax collection" as the main activity.
- The outcomes address by the program should be separated into three different programs: Collection of State Tax Revenue, Regulation of Alcoholic Beverages, and Regulation of Charitable Gaming Activities instead one Tax Collection Program. In this way the measures of success and societal issues addressed in each program clearly represent the purpose of each program.
- The level of success of this program should measure the tax collected by taxable activity as a proportion of the tax owed by each taxable activity.

#### **Savings: Total Budget \$93.344 million Total revenue collected \$8.4 billion**

- The greatest gains to be made here would be to get the department to explain the composition of the taxes owed but not collected and to identify what, if any, new measures would improve the collection rates. Small percentage gains across \$8.4 billion amount to large revenue gains. 1% equals \$84 million.

Please provide the information requested on the attached form for each program in your agency and return to the Commission by September 8, 2009.



The Streamlining Government Commission would appreciate your assistance by having you complete the following worksheet. We understand that some of this information is available online and possibly in other documents, but we believe that it is important that you provide this data to ensure that you know what the Commission is reviewing regarding your Department, Agency, or Office. In order to review and compile the data before the next regularly scheduled meeting of the Commission, please complete and return these worksheets to [prathert@legis.state.la.us](mailto:prathert@legis.state.la.us) by September 8, 2009. Thank you for your cooperation.

Department name: **LOUISIANA DEPARTMENT OF REVENUE**

**State in one sentence the core business of your department:** The Department of Revenue (LDR) is charged with “administering, assessing, and collecting the consumer, producer, and any other state taxes specifically assigned by law to the department, and shall have authority generally for alcoholic beverage control and the regulation of charitable gaming.”

For each program managed by your agency, provide the following information. Please limit your answers for each program to ***no more than half a page*** and simply write ***“unknown”*** next to each program question you are unable to answer.

- Program name: **Tax Collection Program**
- Outcome addressed by this program: **Collection of State Tax Revenue, Regulation of Alcoholic Beverages and Tobacco and Regulation of Charitable Gaming Activities.**
- How many members of the public are directly involved in or affected by this program: **Every taxpaying citizen and business is directly involved and/or affected by this program.**

- How much money was expended on this program in the last fiscal year (The most recent data available are acceptable even if they are from FY 07-08): **Fiscal Year Ending 2009: \$93,343,761**
- **Measure used to determine success:**

There are multiple measures used to determine the success of the Tax Collection Program. As mentioned above, the Tax collection program is responsible for administering and collecting state tax revenues and regulating alcohol beverages, tobacco products and charitable gaming activities. The primary measures used in determining the success of the program are as follows:

- Cost Per Dollar of Revenue Collected for FYE 2009: \$.0072
- Gross Collections for FYE 2009: \$8.4 billion
- Alcohol Compliance Rate for FYE 2008: 92%
- Tobacco Compliance Rate for FYE 2008: 95%
- Charitable Organization License Compliance Rate: New

The measures listed above by no means complete the picture in terms of the success realized by the agency. There are other measures which help to give a more comprehensive view of the operations and activities performed by the agency. It is important that the other measures are evaluated in order to gain perspective on the strategic approach employed in investing the funding appropriated to achieve the agency's core business mission.

- **Level of success during each of the last three years:**

The level of success over the last three years has been above average. Overall revenue collections have exceeded projections during this time period. Specifically, we have experience record revenue collections from voluntary remittances as well as our enforcement activities. The Alcohol and Tobacco enforcement program has lead the nation in compliance over the last four years. As a result, this program was recognized nationally for its efforts.

- **The societal issue addressed by this program is getting *better, remaining static, or deteriorating*:**

With respect to tax compliance and charitable gaming regulation, the "societal issue addressed" may not be relevant. However, as it relates to the regulation of alcohol and tobacco products, the societal issue addressed is getting better. This is evident in the fact that the compliance rate for alcohol (92%) and tobacco (95%) have remained high over the last five years. This program's impact has lead to it being recognized nationally as the best in the country. The fact that the compliance rate remains high is a direct indicator of the success of this program.

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