

Underground Storage Tank Fee Workload Increase BCP No. 8

Proposal:

BOE requests new funding to fully staff the Underground Storage Tank Program (UST) to close the existing tax gap, eliminate the current workload backlog, and improve feepayer service. This proposal will also increase compliance and protect the \$222 million revenue base.

	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
Expenditures:	\$762,000 (New) \$55,000 (Continuation) (\$817,000 Underground Storage Cleanup Fund)	\$664,000 (New) \$55,000 (Continuation) (\$719,000 Underground Storage Cleanup Fund)	\$517,000 (New) \$55,000 (Continuation) (\$572,000 Underground Storage Cleanup Fund)
Positions:	7.5 (New) 1.0 (Continuation) (8.1 PYs)	7.5 (New) 1.0 (Continuation) (8.1 PYs)	5.5 (New) 1.0 (Continuation) (6.2 PYs)

Background:

- The BOE has administered this program since inception in FY 1989-90.
- This program currently generates \$222 million in revenue (FY 2005-06).
- Funds are used for a grant and loan program to assist UST owners that are replacing or upgrading their UST systems or remediating leaking UST sites. The funds are also used by the state to remediate abandoned UST sites.
- Because the fee is imposed on the owner of the tank, rather than the tank operator or fuel distributor who delivers the fuel, the program has historically had high rates of non-compliance.
- Budget constraints in prior fiscal years have resulted in staff reductions that have impaired the BOE's ability to properly administer this program.
- Current staffing is not sufficient to meet the program's ongoing compliance workloads.
- Proposal provides staff to provide quality service to feepayers.
- Additional revenue estimated to be \$11 million in FY 2007-08 and 2008-09, and \$6.6 million thereafter.
- The estimated ongoing benefit-to-cost ratio of this proposal is 11.5 to 1.

Justification:

Failure to fund this proposal could have the following negative consequences:

- Current staffing does not meet ongoing workload demands or allow for elimination of backlogs.
- Account receivables and delinquencies will continue to grow as the Board is not able to work accounts timely.
- Lack of adequate audit resources places the \$222 million for the UST Fund at risk.

Benefits of approving this proposal include:

- Provides resources for timely and efficient feepayer service.
- Increases revenue by \$11.0 million annually during each of the first two years of this proposal and \$6.6 million per year thereafter.
- Increases voluntary compliance.
- Allows for educational outreach to local agencies and feepayers.

**STATE BOARD OF EQUALIZATION
FISCAL YEAR 2007-08
BCP NO. 8**

TITLE OF PROPOSED CHANGE:

UNDERGROUND STORAGE TANK FEE WORKLOAD INCREASE

SUMMARY OF PROPOSED CHANGES:

This proposal requests 8.5 positions and \$817,000 in FY 2007-08, \$719,000 in FY 2008-09, and 6.5 positions and \$572,000 in FY 2009-10 and ongoing from the Underground Storage Tank Cleanup Fund. This includes 5.5 new positions, 1.0 continuation position due to expire on June 30, 2007, and 2.0 two-year limited-term positions. This proposal addresses the existing tax gap and workload backlog in the Underground Storage Tank Fee Program. Denial of this request will result in continued growth in program backlogs and a corresponding reduction in timely fee payer services and revenue.

The BOE anticipates that this proposal will increase revenues by an estimated \$11.0 million in FY 2007-08 and 2008-09, and \$6.6 million in FY 2009-10 and ongoing. Therefore, the estimated ongoing benefit-to-cost ratio of this proposal is 11.5 to 1.

State Board of Equalization

Underground Storage Tank Fee Program

Underground Storage Tank Fee Workload Increase

Fiscal Year 2007-2008

A. Nature of Request

A tax gap and workload backlog exist because of understaffing in the Underground Storage Tank (UST) Fee Program. To address this issue, the Board of Equalization (BOE) requests 8.5 positions and \$817,000 in Fiscal Year (FY) 2007-08, \$719,000 in FY 2008-09, and 6.5 positions and \$572,000 in FY 2009-10 and ongoing. The requested 8.5 positions include the following:

- Establish 5.5 new permanent positions.
- Permanently continue 1.0 position that is due to expire on June 30, 2007.
- Establish 2.0 two-year limited-term positions that would expire on June 30, 2009.

The permanent positions will close the tax gap and the limited-term positions will eliminate the one-time existing backlog workload over a two-year period. Approval of this proposal will reduce backlogs and increase timely feepayer services and revenue. The BOE anticipates that this proposal will increase revenues by an estimated \$11.0 million in FY 2007-08 and 2008-09 and \$6.6 million in FY 2009-10 and ongoing. Therefore, the estimated ongoing benefit-to-cost ratio of this proposal is 11.5 to 1.

B. Background/History

The BOE has administered this program since its inception during FY 1989-90. The fee is imposed on the owner of the UST and is measured by the gallons of petroleum products placed into the USTs. The fees collected under the UST Fee Program are deposited into the UST Cleanup Fund. This fund is administered by the State Water Resources Control Board (SWRCB). The fund is used for a grant and loan program to assist UST owners that are replacing or upgrading their UST systems or remediating leaking UST sites. The funds are also used by the state to remediate abandoned UST sites.

This program has historically had higher rates of non-compliance than other tax/fee programs administered by the BOE. This is due in large part to the fact that the fee is imposed on the owner, rather than the operator, of the UST. Owners are more difficult to identify than operators of USTs because operators are most often also registered with the BOE as Sales and Use Taxregistrants. (Note: an owner is someone who owns the real property and/or USTs whereas an operator is someone who operates the business and is registered with the BOE). Because owners who are not also operators are not identifiable in any statewide data bases, BOE staff is unable to readily inform them of their responsibility to report and pay the UST fee. This has resulted in large volumes of registration investigations, late identification of owners subject to the fee, a higher than average delinquency rate, large delinquency assessments, and high volume of collection cases.

In FY 1999-2000, BCP No. 9 "UST Workload" provided 4.0 positions on a three-year limited-term basis to investigate complex registration issues and to process an increased petition workload. The positions were allowed to expire June 30, 2002. However, prior to

B. Background/History (Continued)

their expiration these positions helped contribute to a 9.7% (nearly \$18 million) increase in revenue in FY 2001-02. (Note: Motor Vehicle Fuel revenues only increased 2.6% that year).

Effective January 1, 2005, Assembly Bill (AB) 1906 (Chapter 774, Statutes of 2004), amended Section 25299.43 of the Health and Safety Code to increase the Underground Storage Tank Maintenance Fee by one mill (\$0.001) for each gallon of petroleum product placed in an underground storage tank. On or after January 1, 2005 the rate increased to \$0.013 per gallon, and on and after January 1, 2006 the rate increased to \$0.014 per gallon. Total revenue for FY 2004-05 was \$219 million. BOE projects revenues to be \$222 million for FY 2005-06 and FY 2006-07.

In FY 2005-06, BCP No. 3 authorized one limited-term position to augment the existing staffing to address workloads caused by the implementation of AB 1906. This position is scheduled to expire on June 30, 2007. At the time BCP No. 3 was prepared, a decision was made to delay requesting additional program staff until the impact of AB 1906 could be fully assessed. With the addition position authorized by BCP No. 3, the BOE has been able to handle the increased workload resulting from AB 1906. The BOE needs to retain this resource and obtain additional resources to address the backlogs of work and to meet the overall ongoing workload demands.

C. State Level Consideration

Strategic Plan Conformity

This proposal is consistent with the BOE's Strategic Plan. The requested resources will allow the BOE to more efficiently administer this fee program, expand the efforts to gather, use and share information in a cost-effective manner, and to identify and analyze areas of non-compliance and develop approaches to address targeted problem areas while maintaining customer service awareness.

Impact on Other State Departments

The BOE is legislatively mandated to administer the UST Maintenance Fee. This fee is deposited into the UST Cleanup Fund which supports the SWRCB's UST Program. In addition, this revenue provides funding for the grants and loans available to UST owners to offset the costs of upgrading and replacing USTs and remediating leaking UST sites.

D. Justification / Analysis of All Feasible Alternatives

Alternative 1 – Augment existing resources to meet ongoing and one-time workloads.

The BOE requests 8.5 positions and \$817,000 in FY 2007-08, \$719,000 in FY 2008-09, and 6.5 positions and \$572,000 in FY 2009-10 and ongoing. The request for 8.5 positions consist of the following:

- Establish 5.5 new permanent positions.
- Permanently continue 1.0 position that is due to expire on June 30, 2007.
- Establish 2.0 two-year limited-term positions that would expire on June 30, 2009.

D. Justification / Analysis of All Feasible Alternatives (Continued)**Alternative 1 – (Continued)**

Approval of the permanent positions will fully staff the UST program to meet ongoing workloads. The 2.0 two-year limited-term positions will reduce one-time workload backlogs. This proposal allows the BOE to provide timely and quality service to fee payers while fully protecting the program's revenue base. Based on past performance, the BOE estimates that this request will result in increased revenues of \$11.0 million in FY 2007-08 and FY 2008-09 from a combination of increased voluntary compliance, audit recoveries and enhanced collections of outstanding liabilities. Ongoing revenue starting in FY 2009-10 is estimated to be \$6.6 million. Therefore, the estimated ongoing benefit-to-cost ratio of this proposal is 11.5 to 1.

The following table summarizes the total positions requested for this BCP:

Classification	FY 2007-08		FY 2008-09		FY 2009-10 and Ongoing	
	Positions	Overtime Hours	Positions	Overtime Hours	Positions	Overtime Hours
Associate Tax Auditor	3.0	-	3.0	-	3.0	-
Business Taxes Specialist I	0.5	56	0.5	56	0.5	56
Tax Technician II	0.5	75	0.5	75	0.5	75
Tax Technician III	0.5	-	0.5	-	0.5	-
Business Taxes Representative _a/	1.0	-	1.0	-0-	1.0	-
Business Taxes Compliance Specialist	1.0	-0-	1.0	-0-	1.0	-
Tax Technician III _b/	-	469	-	469	-	-
Business Taxes _b/ Representative	2.0	-	2.0	-	-	-
Business Taxes _b/ Compliance Specialist	-	319	-	319	-	-
Total Resources Requested	8.5	919	8.5	919	6.5	131

_a/ Permanent continuation of 1.0 position that is due to expire on June 30, 2007

_b/ Two-year limited-term positions and overtime.

The ongoing and one-time resource requirements are fully explained in the following sections:

Ongoing Workload – Audit

The audit staff requires augmentation of 3.5 positions to perform audits of registered fee payers, conduct investigations of unregistered fee payers and those attempting to evade the fee, and to timely process petitions for redetermination and claims for refund filed by fee payers in this program.

There are approximately 6,900 registered fee payers in the UST Fee Program. Audit coverage, projected at 69 accounts annually provides only a 1% coverage, which only provides for minimal coverage to ensure voluntary compliance by the fee payers.

D. Justification / Analysis of All Feasible Alternatives (Continued)**Alternative 1 – (Continued)**

- 3.0 Associate Tax Auditors are requested to conduct routine audits, complex ownership investigations of unregistered tank owners and process petitions for redetermination and claims for refund.
- 0.5 Business Taxes Specialist I plus 56 hours of blanket funds is requested to handle the audit and investigation review workloads and to handle the preparation of appeals case summaries and represent the Department at Appeals Hearings.

The following table summarizes the FY 2007-08 and ongoing auditing workload and resources needed:

ONGOING UNDERGROUND STORAGE TANK FEE WORKLOAD ANALYSIS – AUDIT							
Classification/ Activity	No. of Items Annually	Hours Per Item	Total Hours	Positions Needed	Available Positions	Positions Requested	Overtime Hours Requested
Associate Tax Auditor							
Audits	69	35	2,415				
Investigations	40	80	3,200				
Petitions	65	36	2,340				
Refunds	70	24	1,680				
Total	244		9,635	6.0	3.0	3.0	-
Business Taxes Specialist I							
Review Audits	69	8	552				
Review Investigations	40	12	480				
Appeals Summaries	39	16	624				
Total	148		1,656	1.0	0.5	0.5	56
Grand Total (1,600 Hours per Position)				7.0	3.5	3.5	56

Ongoing Workload – Compliance

The compliance staff requires augmentation of 3.0 positions plus 100 hours of blanket funds for overtime at the Tax Technician II level. Workloads identified on the chart below represent the average workloads currently being generated by the program.

- 0.5 Tax Technician II plus 75 hours of blanket funding is requested to meet ongoing registration, account maintenance, and return processing/verification workloads.
- 0.5 Tax Technician III is requested to process compliance billings and refunds, adjust accounts receivable balances, research and apply unapplied payments received from feepayers and work low balance collection assignments.
- 1.0 One Business Taxes Representative is requested to handle delinquencies, collections, investigate the proper ownership of USTs and handle complex return review issues. This position represents the reauthorization of the limited-term position set to expire on 06/30/07.

D. Justification / Analysis of All Feasible Alternatives (Continued)

Alternative 1 – (Continued)

- 1.0 Business Taxes Compliance Specialist will handle large balance collection cases, review the work of tax technicians and tax representatives, provide online approval for billings refunds and adjustments, serve as a staff resource for the program and provide outreach services to feepayers and the local agencies that are responsible for issuing tank operating permits.

The following table summarizes the FY 2007-08 and ongoing compliance workload and resources needed:

ONGOING UNDERGROUND STORAGE TANK FEE WORKLOAD ANALYSIS – COMPLIANCE							
Classification/Activity	No. of Items Annually	Hours Per Item	Total Hours	Positions Needed	Available Positions	Positions Requested	Overtime Hours Requested
Tax Technician II							
Registrations	900	2	1,800				
Account Maintenance/Close out	7,700	0.25	1,925				
Return Verification	26,500	0.1	2,650				
Total	35,100		6,375	3.5	3.00	0.5	75
Tax Technician III							
Billings	2,500	0.5	1,250				
Refunds	500	1	500				
Adjustments/Cancellations	7,000	0.5	3,500				
Unapplied Payments	700	0.5	350				
New Collections <\$3,000	271	2	542				
Total	10,971		6,142	3.5	3.00	0.5	-
Business Taxes Representatives							
New Delinquencies	1,200	3	3,600				
Collections <1 year old	300	6	1,800				
Ownership Investigations	500	6	3,000				
Return Review	500	1	500				
Total	2,500		8,900	5.0	4.00	1.0	-
Business Taxes Compliance Specialists							
Reviews/Approvals	2,442	1	2,442				
Collections >\$100K	20	30	600				
Staff Training/Advice	3,000	0.25	750				
Local Agency Outreach	100	15	1,500				
Total	5,562		5,292	3.0	2.00	1.0	-
Grand Total (1,800 Hours per Position)				15.0	12.00	3.0	75

D. Justification / Analysis of All Feasible Alternatives (Continued)

Alternative 1 – (Continued)

One-time Backlog – Compliance

Backlogs exist in workloads at the Tax Technician III, Business Taxes Representative and Business Taxes Compliance Specialist classifications.

The BOE requests 2.0 two-year limited-term position augmentation to address this backlog problem. The BOE proposes to eliminate this backlog over a two year period using staff overtime at the Tax Technician III overtime hours and 2.0 Business Taxes Representative two-year limited-term positions.

This program estimates a 25% increase in workload based on the following assumptions: (i) a 20% workload increase during FY 2006-07 without any new resources and (ii) a base workload increase of 5% in FY 2007-08, which reflects continued growth from the beginning of the fiscal year until the authorized positions (both to meet the ongoing workload and address the backlog) can be filled and staff trained to perform their duties. Therefore it is reasonable to assume that the backlog will grow by 25% prior to the implementation of this proposal.

At the Tax Technician III level there currently exists approximately 750 hours worth of work, and that over the two years necessary to address this backlog the total workload will be approximately 938 hours. The BOE is requesting 469 overtime hours per year to address this backlog over a two year period. This takes into account that there are not sufficient resources available within the program to perform the full overtime within a single year, and the additional hours reflect that there will be some growth in the backlog prior to the authorization being made.

At the Business Taxes Representative level there is currently 5,600 (approximately 3.0 positions) hours worth of backlog work outstanding. This workload is projected to grow to 7,000 (approximately 4.0 positions) total hours of work during this proposal. To eliminate this backlog, the BOE requests 2.0 two-year limited-term positions (2.0 positions x 1,800 per position x 2 years = 7,200 hours).

At the Business Taxes Compliance Specialist level there is currently an estimated 510 hours of work, that is projected to grow to approximately 638 hours during this proposal. The BOE is requesting 319 overtime hours per year to address this backlog over a two year period.

D. Justification / Analysis of All Feasible Alternatives (Continued)

Alternative 1 – (Continued)

The following table summarizes the FY 2007-08 and FY 2008-09 compliance backlog workload and resources needed as of June 2006:

UNDERGROUND STORAGE TANK FEE COMPLIANCE WORKLOAD ANALYSIS – COMPLIANCE BACKLOG (TWO-YEAR LIMITED-TERM)					
Classification/Activity	No. of Items _a/	Hours per Item _a/	Total Hours _a/	Positions Requested	Overtime Hours Requested
Tax Technician III					
Backlog Unapplied Payments >1yr.	200	0.5	100		
Backlog Collections <\$3,000	130	5	650		
Total June 2006 Workload			750		
Total Projected Workload @ 125% of current	330		938_b/		469_c/
Business Taxes Representatives					
Backlog Delinquencies >180 days	400	3	1,200		
Backlog Collections >1 year old	300	12	3,600		
Backlog Investigations	80	10	800		
Total June 2006 Workload			5,600		
Total Projected Workload @ 125% of current	780		7,000_b/	2.0	
Business Taxes Compliance Specialists					
Backlog Collections >\$100K	17	30	510		
Total June 2006 Workload			510		
Total Projected Workload @ 125% of current	17		638_b/		319_c/
Grand Total (1,800 Hours per Position)				2.0	788

_a/ The workload reflects the combined total workload and hours for both FY 2007-08 and 2008-09.

_b/ A 25% growth rate factor was added to the "Total June 2006 Workload" to more accurately reflect the workload on July 2007.

_c/ It would be very difficult to recruit and hire part-time positions on a limited-term basis. Therefore, the BOE requests overtime hours for 2 years to address this workload.

D. Justification / Analysis of All Feasible Alternatives (Continued)

Alternative 1 – (Continued)Revenue

This proposal estimates revenues of \$11.0 million during FY 2007-08 and 2008-09. This includes \$4.4 million (\$8.8 million over two fiscal years) from the reduction in backlog workload and \$6.6 million from the ongoing compliance and auditing workload. After these first two years, estimated ongoing revenue is \$6.6 million starting in FY 2009-10. Therefore, the estimated ongoing benefit-to-cost ratio of this proposal is 11.5 to 1. The tables below illustrate the estimated revenues to be derived from each of these activities:

UNDERGROUND STORAGE TANK FEE INCREASED REVENUE ANALYSIS					
ONE TIME (2 YEARS)					
Classification	No. of Items Annually	Hours	Dollars per item	Dollars per Hour	Total
Tax Technician III					
Collections		812		\$973 ⁽¹⁾	\$790,076
Business Tax Representatives					
Backlog Delinquencies	500		\$4,342 ⁽²⁾		\$2,171,000
Backlog Collections		4,500		\$973	\$4,378,500
Backlog Investigations	50 ⁽³⁾		\$17,368 ⁽⁴⁾		\$868,400
Business Tax Compliance Specialist					
Backlog Collections		638		\$ 973	\$620,774
TOTAL ONE-TIME					\$ 8,828,750 *
* \$4.4 million per fiscal year.					
ONGOING					
Tax Technician III					
New Collections		542		\$973	\$527,366
Business Taxes Representative					
New Delinquencies	240		\$4,342		\$1,042,080
New Collections		360		\$973	\$350,280
New Investigations	50 ⁽³⁾		\$17,368		\$868,400
Business Taxes Compliance Specialist					
New Collections		200		\$973	\$194,600
Associate Tax Auditors					
New Audits & Investigations		4,800		\$750 ⁽⁵⁾	\$3,600,000
TOTAL ONGOING ⁽⁶⁾					\$6,582,726

(1) - Historical collection recovery.

(5) - Historical audit recovery for UST program.

(2) - Historical quarterly return value.

(6) - Estimated revenues beginning FY 2007-08 and ongoing.

(3) - 50% of investigations result in a new account.

(4) - Annual revenue from a new account.

D. Justification / Analysis of All Feasible Alternatives (Continued)

Alternative 1 – (Continued)

Pros:

- Protects the \$222 million revenue base of this program.
- Provides resources for timely and efficient feepayer service.
- Educates feepayers on proper reporting procedures.
- Increases revenue by \$11.0 million annually during each of the first two years of this proposal and \$6.6 million per year thereafter.
- Increases voluntary compliance.
- Allows for educational outreach to local agencies and feepayers.
- Provides increased funding to protect the environment.

Cons:

- Requires a budget augmentation and increases cost for staffing.
- May increase petition cases.
- May result in increased feepayer complaints about the program.

Alternative 2 – Redirect Resources from other tax/fee programs.

As an alternative the BOE could redirect staff who process discretionary workload (e.g., audits, collections) from General Fund programs to meet the staffing needs of the UST Fee Program. However, this alternative could negatively impact the General Fund revenue.

Pros:

- Protects the \$222 million revenue base of this program.
- Provides resources for timely and efficient feepayer service.
- Educates feepayers on proper reporting procedures.
- Increases revenue by \$11.0 million annually during each of the first two years of this proposal and \$6.6 million per year thereafter.
- Increases voluntary compliance.
- Allows for educational outreach to local agencies and feepayers.

Cons:

- Corresponding loss of revenue/resources in a General Fund revenue program.
- Any position redirected would have been obtained under the Budget Act based upon a need for that program.

E. Timetable

July 2007 - June 2008	July 2008 - June 2009
<ul style="list-style-type: none"> • Hire personnel effective July 1, 2007. • Train audit and compliance staff. • Begin integration of new and existing staff. • Assign audits, investigations and compliance assignments appropriate to staff availability and experience level. • Establish measurable goals for the reduction of backlog. • Begin work on backlog reduction 	<ul style="list-style-type: none"> • Continue integration of permanent staff. • Ensure that staff is receiving adequate training and exposure to more difficult and challenging assignments as they gain experience. • Monitor progress on backlog reduction. • Evaluate whether additional time/resources will be needed to fully reduce the backlog prior to the expiration of the limited-term positions. • Plan for the expiration of the limited-term positions.

F. Recommendation

The BOE recommends that Alternative 1 be approved. This alternative will authorize funding for 8.5 positions starting in FY 2007-08. This includes 5.5 new positions, 1.0 continuation position due to expire on June 30, 2007, and 2.0 two-year limited-term positions. This proposal requests \$817,000 in FY 2007-08, \$719,000 in FY 2008-09, and \$517,000 in FY 2009-10 and ongoing. These positions will address ongoing program needs and backlog workload. This alternative will also allow the BOE to protect the increased revenue base provided by AB 1906 and provide for timely and efficient feepayer service. In addition, this proposal increases revenue by \$11.0 million annually during each of the first two year of this proposal and \$6.6 million per year thereafter. Therefore, the estimated ongoing benefit-to-cost ratio of this proposal is 11.5 to 1.

G. Fiscal Detail

See attached "Fiscal Detail" schedules.

STATE OF CALIFORNIA
 BUDGET CHANGE PROPOSAL--FISCAL DETAIL
 STATE OPERATIONS
 FISCAL YEAR 2007-08
 (Dollars in Thousands)

Title of Proposed Change: UNDERGROUND STORAGE TANK FEE WORKLOAD INCREASE

Program/Element/Component: 58 Underground Storage Tank Fee Program

	PERSONNEL YEARS			CY	BY	BY + 1
	CY	BY	BY + 1			
TOTAL SALARIES AND WAGES <i>a/</i>		8.5	8.5		\$445	\$445
Salary Savings		-4	-4		-21	-21
NET TOTAL SALARIES AND WAGES		8.1	8.1		424	424
Staff Benefits <i>a/</i>					142	142
NET TOTAL SALARIES AND WAGES		8.1	8.1		566	566
Distributed Administration <i>b/</i>					59	52
TOTAL PERSONAL SERVICES		8.1	8.1		\$625	\$618
OPERATING EXPENSE AND EQUIPMENT						
General Expense					\$95	\$18
Distributed Administration					15	13
Printing						
Communications					11	5
Postage						
Travel--In-State					33	33
Travel--Out-of -State						
Training					7	7
Facilities Operations					25	25
Consulting & Professional Services: Interdepartmental						
Consulting & Professional Services: External						
Stephen P. Teale Data Center						
Data Processing					6	
Equipment						
Other Items of Expense: (Specify Below)						

a/ See page 14 of 15 for itemized staff benefits and classification detail.

b/ Represents Distributed Administration costs resulting from this BCP. The Distributed Administration costs for existing BOE programs will reflect a corresponding decrease which will be addressed in the Planning Estimate process.

	CY	BY	BY + 1
TOTAL OPERATING EXPENSE AND EQUIPMENT		\$192	\$101
TOTAL EXPENDITURES (State Operations)		\$817	\$719

Source of Funds

General Fund (0001)

Special Funds:

Breast Cancer Fund (0004)

State Emergency Telephone (0022)

Propane Surcharge Fund (0051)

Motor Vehicle Fuel Account (0061)

Occupational Lead Prevention Fund (0070)

Childhood Lead Poisoning Prev. Fund (0080)

Cig. and Tobacco Prod. Surtax Fund (0230)

Oil Spill Prevention and Admin. Fund (0320)

Integrated Waste Management (0387)

Underground Storage Tank Fund (0439)

Energy Resources Programs Account (0465)

CA. Children and Families First Trust Fund (0623)

Federal Trust Fund (0890)

Timber Tax Fund (0965)

Gas Consumption Surcharge Fund (3015)

Water Rights Fund (3058)

Elec. Waste Recovery and Recycling Acct. (3065)

Cig. and Tobacco Prod. Compliance Fund (3067)

817

719

Federal Funds

Other Funds

Reimbursements (0995)

Net Total Augmentation (Source of Funds)

\$817

\$719

**DETAIL OF STAFF BENEFITS
AND PERSONAL SERVICES**

Staff Benefits Detail:	CY	BY	BY + 1
	<i>(Whole Dollars)</i>		
OASDI		\$32,436	\$32,436
Health Insurance		40,931	40,931
Retirement		58,496	58,496
Workers' Compensation		7,488	7,488
Industrial Disability Leave		378	378
Non-Industrial Disability Leave		497	497
Unemployment Insurance		343	343
Other		1,033	1,033
TOTAL		\$141,602	\$141,602

Classification	Positions			Salary Range ^a	Amount		
	CY	BY	BY + 1		CY	BY	BY + 1
Property and Special Taxes:							
Underground Storage Tank Fee Program:							
Audit Section:							
Associate Tax Auditor _b/		3.0	3.0	\$57,096		\$171,288	\$171,288
Business Taxes Specialist I _b/		.5	.5	65,868		32,934	32,934
Compliance Section:							
Business Taxes Compliance Specialist _b/		1.0	1.0	57,096		57,096	57,096
Business Taxes Representative _c/		3.0	3.0	39,612		118,836	118,836
Tax Technician I/ II _b/		.5	.5	32,616		16,308	16,308
Tax Technician III _b/		.5	.5	36,480		18,240	18,240
Blanket Funds:							
Overtime (Various)		(.5)	(.5)			29,901	29,901
Temporary Help							
TOTAL SALARIES AND WAGES		8.5	8.5			\$444,603	\$444,603

^{a/} The salary is the mid-step of the salary range for the stated classification.

^{b/} Permanent position(s) effective July 1, 2007.

^{c/} 1.0 permanent position effective July 1, 2007 and 2.0 two-year limited-term positions effective July 1, 2007 through June 30, 2009.

SUPPLEMENTAL INFORMATION

Dollars in Thousands

	<u>Current Year</u>	<u>Budget Year</u>	<u>Budget Year + One</u>
Proposed Equipment:			
Total			
Proposed Contracts:			
Total			
One-Time Costs:			
General Expense		\$77	
Communications		6	
Data Processing		6	
Total		\$89	
Future Savings:			
N/A			
Total			
Full-Year Cost Adjustments:			
N/A			
Total			