

## **FY 2007/08 Budget Highlight Summary**

This document summarizes the adjustments to the department's FY 2006/07 budget that build the budget for FY 2007/08. The only pending issue is the Governor's veto items that are not expected to impact the "preliminary" budget act amounts for FY 2007/08.

The only item of interest may be Finance Letter #2 for an augmentation of the Vehicle Registration Collection Program. This proposal was submitted to Department of Finance "pending board approval", was approved by the Legislature, and will ultimately be included in the department's FY 2007/2008 budget.

**FRANCHISE TAX BOARD**  
**Budget Act Highlights FY 2007-08**

(Dollars in thousands)

The 2007-08 total operating budget for FTB is \$659.5 million and includes authority for 5,166.9 PY (personnel years). This is \$31.7 million less than the total approved 2006-07 Budget Act and a 13.6 increase in PYs. The General Fund decrease is \$4.2 million.

The chart below identifies the major changes outlined above. These changes include the resources associated with approved budget change proposals, policy adjustments, and baseline adjustments:

	<u>DOLLARS</u>	<u>GF Amount</u>	<u>PYS</u>	<u>GF REVENUE</u>
FY 2006-07 BUDGET AS SIGNED *	<u>\$691,221</u>	<u>\$523,827</u>	<u>5,153.3</u>	
<b>2007-08 BCPs and Baseline Adjustments:</b>				
BCP 1 - Tax Gap Enforcement Provisions	\$19,589	\$19,589	218.3	\$77,500
BCP 2 - E-Commerce Portal Infrastructure (EPI)	1,498	1,498	0.9	
BCP 3 - Centralized Reverse Proxy Service (CRPS)	0	0	-10.3	
BCP 4 - Legal Support for Abusive Tax Shelters	1,330	1,330	9.5	
BCP 6 - Partially Restore Customer Service Level	1,291	1,291	25.6	
BCP 8 - CCSAS Implementation Plan	-99,208	-33,740	0.0	
BCP 10 - Public Disclosure of Tax Delinquencies	144	144	0.9	30,000
BCP 11 - Elimination of Tax Clearance Certificate	-1,291	-1,291	-17.2	
Court Ordered Debt Program (FSR 05-01)	2,104			
Retirement Adjustment per Section 3.60	2,854	2,697		
Employee Compensation	21,354	20,141		
Prorata, LT Pos, One Time OE&E Costs, Full Year Annual, CS 4.75 (General Service Cost Adj.) and COBEN Adjustment	-14,817	-14,561	-206.5	
Price Increase (2.7% Adj.)	3,101	2,807		
Lease Revenue Bonds (Phase I payments ended)	-4,128	-4,087		
<b>FY 2007-08 GOVERNOR'S BUDGET *</b>	<u><u>\$625,042</u></u>	<u><u>\$519,645</u></u>	<u><u>5,174.5</u></u>	<u><u>\$107,500</u></u>
<b>2007-08 FINANCE LETTERS AND LEGISLATIVE ADJUSTMENTS:</b>				
FL 1 - CCSAS Business Partner Payment Acceleration	\$33,947	\$1,342		
FL 2 - Vehicle Registration Collection Program	1,551		22.9	
FL 3 - CCSAS Project Schedule Adjustments	728			
E-File Savings	-500	-500	-3.5	
BCP 1 - Tax Gap Enforcement Provisions			-1.4	2,000
BCP 6 - Partially Restore Customer Service Level	-1,291	-1,291	-25.6	
<b>Subtotal Change Book Adjustments:</b>	<u>\$34,435</u>	<u>-\$449</u>	<u>-7.6</u>	<u>\$2,000</u>
VETO ITEMS - Unknown				
<b>TOTAL 2007-08 BUDGET ACT *</b>	<u><u>\$659,477</u></u>	<u><u>\$519,196</u></u>	<u><u>5,166.9</u></u>	<u><u>\$109,500</u></u>

\* Includes expenditures budgeted in Item 8640-001-0001 (Political Reform Audit Program).