

**FY23 Budget Performance Review**

**Tax Commission - 695**

Lead Administrator:

Lead Financial Officer:

**Agency Mission**

To serve the people of Oklahoma by promoting tax compliance through quality service and fair administration.

**Division and Program Descriptions**

Note: Please define any acronyms used in program descriptions.

**Headquarters/Administration**

This activity includes the Commissioners, administrative staff, law judges, the Executive Director's office and internal audit.

**Business Tax Services**

This program includes the registration and licensing of business taxpayers, maintenance of taxpayer accounts, including problem resolution, business refunds, communication and taxpayer education.

**Digital Communications & Marketing**

Manages the digital channels and social platforms, websites and e-communications to ensure current and engaging content, strategic alignment and brand compliance.

**Taxpayer Resources**

This division is focused on providing taxpayer services, including call center staff.

**Innovation**

This division is primarily focused on the oversight of legislative and statutory technological implementations.

**Ad Valorem Programs**

Program activity includes the monitoring of locally assessed and valuation of centrally assessed property in Oklahoma for ad valorem taxation purposes. Ad Valorem exemptions are also provided for certification.

**Central Processing**

This activity includes the receipt and processing of all tax documents and remittances and mailout.

**Tax Policy and Research**

This division is a centralized unit responsible for the development and review of tax policy and procedures, research, legal and administrative decision and legislation. Revenue estimates are also provided for certification.

**Business Operations**

This activity includes the agency's accounting functions, inventory management and procurement.

**Human Resources**

This activity includes all personnel functions including employee training.

**Revenue & Apportionment**

The primary function of this activity is the apportionment of revenues to state and local entities.

**Legal Services**

This program provides legal services to the various divisions in the administration and collection of tax revenues. Activities include: litigation protests, collections, bankruptcy, statutory/legislative reviews and the promulgation of rules.

**Motor Vehicle**

This program includes the issuance of title and registration information for vehicles, boats and motors, truck registration and prorations and the administration of motor fuel tax laws.

**Audit Services/Collections**

This program's primary functions include the collection of delinquent taxes and performing audits of the various tax types, including business and individual taxpayers. The program generates revenues for the state and assists in enhancing the compliance rate of taxpayers. Activities also include delinquency hearings, filing of liens and establishment of payment plans.

**Information Technology**

The activity includes computer service support for all departments.

**FY'22 Budgeted Department Funding By Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
0100001	Headquarters	\$2,009,017		\$128,740		\$0	\$2,137,757
0100002	Administration	\$1,148,552		\$121,849		\$0	\$1,270,401
0100003	Innovation	\$698,020		\$38,685		\$0	\$736,705
0200001	Business Tax Services	\$3,723,944		\$245,024		\$0	\$3,968,967
0200003	Digital Communications & Marketing	\$848,641		\$132,353		\$0	\$980,994
0200004	Income Tax Accounts	\$5,911,189		\$976,552		\$0	\$6,887,741
0200005	Taxpayer Resources	\$1,940,286		\$253,031		\$0	\$2,193,317
0300001	Ad Valorem	\$2,387,962		\$355,261		\$0	\$2,743,223
0500002	Central Processing	\$2,571,275		\$4,934,218		\$0	\$7,505,493
0600001	Tax Policy	\$173,582		\$1,255,936		\$0	\$1,429,518
0800001	Business Operations	\$3,674,090		\$2,892,650		\$0	\$6,566,740
0800002	Human Resources	\$750,215		\$254,368		\$0	\$1,004,583
0800003	Revenue & Apportionment	\$350,599		\$0		\$0	\$350,599
1100001	Legal	\$3,023,496		\$1,717,692		\$0	\$4,741,188
1200001	Audit Services	\$41,190		\$10,285,797		\$13,296,572	\$23,623,560
1200003	Collections	\$264,084		\$13,704,435		\$0	\$13,968,518
1300001	Motor Vehicle	\$4,838,418		\$352,518		\$137,304	\$5,328,240
1500001	Film Rebate	\$0		\$0		\$58,283,508	\$58,283,508
8800005	ISD DP Central Processing	\$3,958		\$0		\$0	\$3,958
8800008	Data Processing	\$9,485,899		\$13,325,077		\$0	\$22,810,976
<b>Total</b>		<b>\$43,844,417</b>	<b>\$0</b>	<b>\$50,974,185</b>	<b>\$0</b>	<b>\$71,717,384</b>	<b>\$166,535,986</b>

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable for each department:

**FY'21 Carryover by Funding Source**

Class Fund #	Carryover Class Fund Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
							\$0
							\$0

1. Please describe source of Local funding not included in other categories:

2. Please describe source(s) and % of total of "Other" funding if applicable:

**What changes did the agency make between FY'21 and FY'22?**

1.) Are there any services no longer provided because of budget cuts?

The agency provides the primary revenue collection function for state government funding. All statutory tax and fee administration functions and services have been continued during the fiscal year. Savings from electronic filing initiatives have allowed the agency to absorb fixed cost increases during the year.

2.) What services are provided at a higher cost to the user?

All fees associated with tax administration are statutory. No statutory fee increases have been enacted for FY21.

3.) What services are still provided but with a slower response rate?

N/A

4.) Did the agency provide any pay raises that were not legislatively/statutorily required?

Yes. All pay raises were Cabinet approved.

**FY'23 Requested Funding By Department and Source**

Dept. #	Department Name	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change
0100001	Headquarters	\$2,009,017	\$0	\$128,740	\$0	\$2,137,757	0.00%
0100002	Administration	\$1,148,552	\$0	\$121,849	\$0	\$1,270,401	314.86%
0100003	Innovation	\$698,020	\$0	\$38,685	\$0	\$736,705	0.00%
0200001	Business Tax Services	\$3,723,944	\$0	\$245,024	\$0	\$3,968,967	0.00%
0200003	Digital Communications & Marketing	\$848,641	\$0	\$132,353	\$0	\$980,994	0.00%
0200004	Income Tax Accounts	\$5,911,189	\$0	\$976,552	\$0	\$6,887,741	0.00%
0200005	Taxpayer Resources	\$1,940,286	\$0	\$253,031	\$0	\$2,193,317	0.00%

0300001	Ad Valorem	\$2,387,962	\$0	\$355,261	\$0	\$2,743,223	0.00%
0500002	Central Processing	\$2,571,275	\$0	\$4,934,218	\$0	\$7,505,493	0.00%
0600001	Tax Policy	\$173,582	\$0	\$1,255,936	\$0	\$1,429,518	0.00%
0800001	Business Operations	\$3,674,090	\$0	\$2,892,650	\$0	\$6,566,740	0.00%
0800002	Human Resources	\$750,215	\$0	\$254,368	\$0	\$1,004,583	0.00%
0800003	Revenue & Apportionment	\$350,599	\$0	\$0	\$0	\$350,599	0.00%
1100001	Legal	\$3,023,496	\$0	\$1,717,692	\$0	\$4,741,188	0.00%
1200001	Audit Services	\$41,190	\$0	\$10,285,797	\$13,296,572	\$23,623,560	0.00%
1200003	Collections	\$264,084	\$0	\$13,704,435	\$0	\$13,968,518	0.00%
1300001	Motor Vehicle	\$4,838,418	\$0	\$352,518	\$137,304	\$5,328,240	0.00%
1500001	Film Rebate	\$0	\$0	\$0	\$58,283,508	\$58,283,508	0.00%
8800005	ISD DP Central Processing	\$3,958	\$0	\$0	\$0	\$3,958	0.00%
8800008	Information Technology	\$9,485,899	\$0	\$13,325,077	\$0	\$22,810,976	0.00%
<b>Total</b>		<b>\$47,844,417</b>	<b>\$0</b>	<b>\$50,974,185</b>	<b>\$71,717,384</b>	<b>\$170,535,986</b>	<b>2.40%</b>

1. Please describe source(s) and % of total of "Other" funding for each department:

FY'23 Top Five Operational Appropriation Funding Requests		
Request by Priority	Request Description	Appropriation Request Amount (\$)
Request 1:	Reimbursement of funds to support statewide REAL ID initiative	\$4,000,000
<b>Top Five Request Subtotal:</b>		<b>\$4,000,000</b>
<b>Total Increase above FY-21 Budget (including all requests)</b>		<b>\$ 4,000,000</b>
Difference between Top Five requests and total requests:		\$0

**Does the agency have any costs associated with the Pathfinder retirement system and federal employees?**  
 The agency does have a budgetary impact associated with Pathfinder but not related to federal employees.

**How would the agency be affected by receiving the same appropriation for FY '23 as was received in FY '22? (Flat/ 0% change)**  
 No affect.

**How would the agency handle a 2% appropriation reduction in FY '23?**  
 A 2% appropriation reduction may result in the reduction of contract personnel used to process payments and returns. These actions may result in delays in opening and processing tax returns, delays in issuing individual income tax refunds, delays in issuing permits for new businesses and possible delays and reductions in the collection of state revenues.

Is the agency seeking any fee increases for FY '23?		
Increase	Request (\$)	Statutory change required? (Yes/No)
Increase 1	N/A	

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?		
Description of request in order of priority	Appropriated Amount (\$)	Submitted to LRCP? (Yes/No)
Priority 1	N/A	

Federal Funds							
CFDA	Federal Program Name	Agency Dept. #	FY 22 budgeted	FY 21	FY 20	FY 19	FY 18

Federal Government Impact	
<b>1.) How much federal money received by the agency is tied to a mandate by the Federal Government?</b>	All money received from the Coronavirus Relief Fund is tied to the CARES Act.
<b>2.) Are any of those funds inadequate to pay for the federal mandate?</b>	No.
<b>3.) What would the consequences be of ending all of the federal funded programs for your agency?</b>	No effect.
<b>4.) How will your agency be affected by federal budget cuts in the coming fiscal year?</b>	N/A
<b>5.) Has the agency requested any additional federal earmarks or increases?</b>	No.

FY'22 Budgeted FTE							
Division #	Division Name	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
0101	Headquarters	5	2	18	1	8	9
0102	Administration	16	0	18	0	0	17
0103	Innovation	0	0	6	0	6	0
0201	Business Tax Services	6	27	23	0	48	0
0203	Digital Communications & Marketing	1	0	11	0	7	2
0204	Income Tax Accounts	8	19	44	5	53	0
0205	Taxpayer Resources	4	16	25	0	37	1
0301	Ad Valorem	7	10	17	0	24	1
0502	Central Processing	8	32	26	34	24	0
0601	Tax Policy	1	0	11	1	6	4
0801	Business Operations	6	10	33	4	27	3
0802	Human Resources	2	2	16	0	10	6
0803	Revenue & Apportionment	0	0	4	0	1	1
8808	Information Technology	7	0	40	0	31	3
1101	Legal	5	12	29	0	27	12
1201	Audit Services	29	33	90	5	92	0
1203	Collections	16	60	47	0	86	0
1301	Motor Vehicle	9	32	45	11	55	0
<b>Total</b>		<b>130</b>	<b>255</b>	<b>503</b>	<b>61</b>	<b>542</b>	<b>59</b>

Vacant Position Count included in Columns C, D & E

2
1
0
2
0
5
3
2
3
9
2
2
6
2
6
2
2
2
26
21
11
96

FTE History						
Division #	Division Name	2022 Budgeted	2021	2020	2018	2013
0101	Headquarters	16.0	16	16	18.0	16.0
0102	Administration	8.0	12	8	7.0	10.0
0103	Innovation	7.0	0	0	0.0	0.0
0201	Business Tax Services	50.0	64	57	57.0	81.0
0203	Digital Communications & Marketing	9.0	7	9	10.0	11.0

0204	Income Tax Accounts	57.0	66	65	76.0	63.0
0205	Taxpayer Resources	30.0	0	0	0.0	0.0
0301	Ad Valorem	29.0	29	27	31.0	35.0
0502	Central Processing	42.0	48	41	40.0	28.0
0601	Tax Policy	12.0	13	12	16.0	14.0
0801	Business Operations	35.0	42	31	38.0	35.0
0802	Human Resources	8.0	8	8	0.0	8.0
0803	Revenue & Apportionment	3.0	3	0	0.0	0.0
8808	Information Technology	49.0	58	54	59.0	69.0
1101	Legal	32.0	32	29	48.0	34.0
1201	Audit Services	127.0	150	246	285.0	277.0
1203	Collections	92.0	103	0	0.0	0.0
1301	Motor Vehicle	71.0	74	83	91.0	79.0
<b>Total</b>		<b>677.0</b>	<b>725.0</b>	<b>686.0</b>	<b>776.0</b>	<b>760.0</b>

Performance Measure Review					
	FY 21	FY 20	FY 19	FY 18	FY 17
<b>Central Processing</b>					
Avg. Days Process Non-Peak Refund	6	6	6	8	2
Avg. Days Process Non-Peak, Suspended Refund	26	23	25	72	60
Avg. Days for Peak Refund Processed	8	6	6	6	3
Avg. Days for Peak Suspended Processed	50	47	40	59	66
<b>Taxpayer Services</b>					
Internet Filing Participants	1,924,361	1,592,136	1,636,394	1,592,429	1,569,557
Electronic Filing Participants	1,058,315	892,225	956,388	938,138	937,272
Direct Deposit Participants	1,067,954	879,740	888,142	886,320	888,819
% of Business E-Filing	80%	74%	68%	65%	61%
<b>Compliance</b>					
Sales & Use Tax Field/Office Audits	1,491	975	1,480	1,262	1,040
Withholding Tax Field/Office Audits	993	647	290	243	223
<b>Motor Vehicle</b>					
Additional & Delinquent Fees	1,638	1,346	1,463	1,430	843
Total Registrations Processed (in millions)	4.2	5	4	4	4
Vehicle Title Transactions (in millions)	1.5	2	1.5	2	2

Revolving Funds (200 Series Funds)			
Please provide fund number, fund name, description, and revenue source	FY'19-21 Avg. Revenues	FY'19-21 Avg. Expenditures	June '21 Balance
<b>Fund 200 - Oklahoma Tax Commission Revolving Fund</b>			
Provides resources for general operation of the agency.	\$34,656,071	\$32,380,906	\$17,044,939
<b>Fund 210 - OTC &amp; OMES Joint Computer Enhancement Fund</b>			
Joint effort between the Tax Commission and OMES for the acquisition of an Integrated Tax System	\$11,300,323	\$2,093,645	\$8,338,860
<b>Fund 215 - Oklahoma Tax Commission Reimbursement Fund</b>			
Funds received by the OTC for data processing services or equipment rental and any miscellaneous funds received by the Commission	\$10,945,316	\$9,559,482	\$10,888,276
<b>Fund 220 - License Plate Special Program</b>			
Provides financial assistance to a state agency chosen by the applicant for a special license plate	\$112,180	\$98,000	\$56,100
<b>Fund 230 - Used Tire Recycling Indemnity Fund</b>			
Funds the provisions for the Oklahoma Used Tire Recycling Act	\$12,182,165	\$8,631,737	\$520,704
<b>Fund 240 - County Government Education - Technical Revolving Fund</b>			
Funds the OSU Center for Local Government Technology and the Oklahoma Cooperative Extension Service Country Training Program for the purposes of education, training, etc	\$4,182,323	\$4,119,588	\$188,205
<b>Fund 250 - Oklahoma Film Enhancement Fund</b>			
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly attributable to the production of a film, tv production or tv commercial	\$8,000,000	\$5,472,695	\$19,540,168
<b>Fund 285 - Ad Valorem Reimbursement Fund</b>			
Reimburses counties for loss of revenue due to exemptions of ad valorem taxes for new or expanded manufacturing or R&D facilities	\$38,561,843	\$145,428,509	\$1