## FY 2024 Budget Performance Review

695 - Tax Commission

Lead Financial Officer: Patricia Garcia

Lead Administrator: Doug Linehan

Agency Mission

# Promote tax compliance through serving taxpayers with transparency and fairness in administration of the tax code and unparalleled customer service.

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 Direct	or's office and internal audit.
Business Tax Services	
The program includes the registration and licensing of business taxpayers, maintenance of tax	payer 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 im	plementations.
Ad Valorem Programs	
Program activity includes the monitoring of locally assessed and valuation of centrally assess certification.	d property in Oklahoma for ad valorem taxation purposes. Ad Valorem exemptions are also provided for
Central Processing	
This activity includes the receipt and processing of all tax documents, remittances and mailou	t.
Tax Policy and Research	
This division is a centralized unit responsible for the development and review of tax policy an certification.	I procedures, research, legal and administrative decision and legislation. Revenue estimates are also provided for
Business Operations	
This activity includes the agency's accounting functions, inventory management and procurer	nent.
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	es.
Legal Services	
This program provides legal services to the various divisions in the administration and collecti the promulgation of rules.	on of tax revenues. Activities include: litigation protests, collections, bankruptcy, statutory/legislative reviews and
Motor Vehicle	
This program includes the issuance of title and registration information for vehicles, boats an	motors, truck registration and prorations and the administration of motor fuel tax laws.
Audit Services/Collections	
The program's primary functions include the collection of delinquent taxes and performing au state and assists in enhancing the compliance rate of taxpayers. Activities also include delinque	dits of the various tax types, including business and individual taxpayers. The program generates revenues for the ency hearings, filing of liens and establishment of payment.
Information Technology	

This activity includes computer service support for all departments.

	FY'23 Budgeted Department Funding By Source						
Dept. #	Department Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total
0100001	Headquarters	\$2,641,759		\$179,893			\$2,821,652
0100002	Administration	\$6,060,722		\$3,370,764			\$9,431,486
0100003	Innovation	\$712,806		\$33,623			\$746,429
0200001	Business Tax Services	\$3,836,469		\$229,165			\$4,065,634
0200003	Digital Communications & Marketing	\$736,214		\$56,904			\$793,118
0200004	Income Tax Accounts	\$4,862,779		\$1,715,067			\$6,577,846
0200005	Taxpayer Resources	\$2,805,147		\$198,697			\$3,003,844
0300001	Ad Valorem	\$2,447,583		\$342,070			\$2,789,653
0500002	Central Processing	\$5,021,007		\$3,679,583			\$8,700,590
0600001	Tax Policy	\$0		\$1,653,686			\$1,653,686
0800001	Business Operations	\$3,501,870		\$400,000			\$3,901,870
0800002	Human Resources	\$1,687,569		\$157,296			\$1,844,865
0800003	Revenue & Apportionment	\$175,164		\$208,389			\$383,553
1100001	Legal	\$3,756,983		\$2,348,064			\$6,105,047
1200001	Audit Services	\$0		\$10,066,513		\$13,607,770	\$23,674,283
1200003	Collections	\$0		\$13,380,455			\$13,380,455
1300001	Motor Vehicle	\$0		\$4,938,712		\$158,016	\$5,096,728
1500001	Film Rebate	\$0		\$0		\$48,057,643	\$48,057,643
8800005	ISD DP Central Processing	\$0		\$899,917			\$899,917
8800008	Data Processing	\$5,678,345		\$15,767,011			\$21,445,356
							\$0
Total		\$43,924,417	\$0	\$59,625,809	\$0	\$61,823,429	\$165,373,655
1. Please des	cribe source of Local funding not included in other categ	ories:					

Please describe source of Local funding not included in other categories:
 Please describe source(s) and % of total of "Other" funding if applicable for each department:

	FY'22 Carryover by Funding Source							
Class Fund #	Carryover Class Fund Name	Appropriations	Federal	Revolving	Local <sup>1</sup>	Other <sup>2</sup>	Total	
							\$0	
							\$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'22 and FY'23?

#### 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 FY22.

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.

<b>Dept. #</b> 0100001	Department Name			FY'24 Requested Funding By Department and Source							
0100001	Department Nume	Appropriations	Federal	Revolving	Other <sup>1</sup>	Total	% Change				
	Headquarters	\$2,641,759	\$0	\$179,893	\$0	\$2,821,652	0.00%				
0100002	Administration	\$6,060,722	\$0	\$3,370,764	\$0	\$9,431,486	0.00%				
0100003	Innovation	\$712,806	\$0	\$33,623	\$0	\$746,429	0.00%				
0200001	Business Tax Services	\$3,836,469	\$0	\$229,165	\$0	\$4,065,634	0.00%				
0200003	Digital Communications & Marketing	\$736,214	\$0	\$56,904	\$0	\$793,118	0.00%				
0200004	Income Tax Accounts	\$4,862,779	\$0	\$1,715,067	\$0	\$6,577,846	0.00%				
0200005	Taxpayer Resources	\$2,805,147	\$0	\$198,697	\$0	\$3,003,844	0.00%				
0300001	Ad Valorem	\$2,447,583	\$0	\$342,070	\$0	\$2,789,653	0.00%				
0500002	Central Processing	\$5,021,007	\$0	\$3,679,583	\$0	\$8,700,590	0.00%				
0600001	Tax Policy	\$0	\$0	\$1,653,686	\$0	\$1,653,686	0.00%				
0800001	Business Operations	\$3,501,870	\$0	\$400,000	\$0	\$3,901,870	0.00%				
0800002	Human Resources	\$1,687,569	\$0	\$157,296	\$0	\$1,844,865	0.00%				
0800003	Revenue & Apportionment	\$175,164	\$0	\$208,389	\$0	\$383,553	0.00%				
1100001	Legal	\$3,756,983	\$0	\$2,348,064	\$0	\$6,105,047	0.00%				
1200001	Audit Services	\$0	\$0	\$10,066,513	\$13,607,770	\$23,674,283	0.00%				
1200003	Collections	\$0	\$0	\$13,380,455	\$0	\$13,380,455	0.00%				
1500001	Film Rebate	\$0	\$0	\$0	\$48,057,643	\$48,057,643	0.00%				
8800005	ISD DP Central Processing	\$0	\$0	\$899,917	\$0	\$899,917	0.00%				
8800008	Data Processing	\$5,678,345	\$0	\$15,767,011	\$0	\$21,445,356	0.00%				
Total		\$43,924,417	\$0	\$54,687,097	\$61,665,413	\$160,276,927	-3.08%				

FY'24 Top Five Operational Appropriation Fi **Appropriation Request** Request by **Request Description** Priority Amount (\$) No new funding requests. Request 1: Request 2: Request 3: Request 4: Request 5: Top Five Request Subtotal: **\$0** Total Increase above FY-23 Budget (including all requests) \$ Difference between Top Five requests and total requests: 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 '24 as was received in FY '23? (Flat/ 0% change)
No affect.
How would the agency handle a 2% appropriation reduction in FY '24?
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 busineses and possible delays and reductions in the collection of state revenues.

Is the agency seeking any fee increases for FY '24?						
	Fee Increase	Statutory change				
	Request (\$)	required? (Yes/No)				
Increase 1 n/a						
Increase 2						
Increase 3						
What are the agency's top 2-3 capital or technology	one-time) requests, if applicable?					
Description of request in order of priority	Appropriated	Submitted to LRCPC?				
Description of request in order of priority	Amount (\$)	(Yes/No)				
Priority 1 n/a						
Priority 2						
Priority 3						
Federal Funda						

	Federal Funds								
CFDA	Federal Program Name	Agency Dept. #	FY 23 budgeted	FY 22	FY 21	FY 20	FY 19		
	n/a								

Federal Government Impact				
.) How much federal money received by the agency is tied to a mandate by the Federal Government?				
No federal money received.				
2.) Are any of those funds inadequate to pay for the federal mandate?				
n/a				
3.) What would the consequences be of ending all of the federal funded programs for your agency?				
n/a				
4.) How will your agency be affected by federal budget cuts in the coming fiscal year?				
n/a				
5.) Has the agency requested any additional federal earmarks or increases?				
No.				

	FY'23 Budgeted FTE						
Division #	Division Name	Supervisors	Non-Supervisors	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$100K	\$100K+
0101	Headquarters	6	14	0	9	4	7
0102	Administration	6	1	0	1	1	5
0103	Innovation	2	4	0	1	5	0
0201	Business Tax Services	6	44	0	48	2	0
0203	Digital Communications & Marketing	1	7	0	7	1	0
0204	Income Tax Accounts	10	48	3	54	1	0
0205	Taxpayer Resources	4	37	0	0	41	0
0301	Ad Valorem	8	20	0	27	0	1
0502	Central Processing	9	51	32	27	1	0
0601	Tax Policy	2	10.5	1.5	4	6	1
0801	Business Operations	6	18	1	18	4	1
0802	Human Resources	2	18.5	0.5	17	3	0
0803	Revenue & Apportionment	1	2	0	1	2	0
8808	Information Technology	6	28	0	30	4	0
1101	Legal	4	32	0	19	14	3
1201	Audit Services	31	84	3	105	7	0
1203	Collections	16	63	0	76	3	0
1301	Motor Vehicle	11	64	10	64	1	0
1					J		
Total		131	546	51	508	100	18

	FTE History							
Division #	Division Name	2023 Budgeted	2022	2021	2019	2014		
0101	Headquarters	20.5	16.0	16.0	17.0	17.0		
0102	Administration	6.0	8.0	12.0	9.0	9.0		
0103	Innovation	7.0	7.0	0.0	0.0	0.0		
0201	Business Tax Services	49.0	50.0	64.0	66.0	83.0		
0203	Digital Communications & Marketing	8.0	9.0	7.0	10.0	11.0		
0204	Income Tax Accounts	60.0	57.0	66.0	72.0	66.0		
0205	Taxpayer Resources	40.0	30.0	0.0	0.0	0.0		
0301	Ad Valorem	28.0	29.0	29.0	33.0	32.0		
0502	Central Processing	43.0	42.0	48.0	46.0	28.0		
0601	Tax Policy	12.0	12.0	13.0	15.0	16.0		
0801	Business Operations	25.0	35.0	42.0	38.0	36.0		
0802	Human Resources	19.5	8.0	8.0	8.0	7.0		
0803	Revenue & Apportionment	3.0	3.0	3.0	0.0	0.0		
8808	Information Technology	48.0	49.0	58.0	58.0	76.0		
1101	Legal	36.0	32.0	32.0	37.0	39.0		
1201	Audit Services	117.0	127.0	150.0	290.0	259.0		
1203	Collections	80.0	92.0	103.0	0.0	0.0		
1301	Motor Vehicle	75.0	71.0	74.0	90.0	81.0		
Total		677.0	677.0	725.0	789.0	760.0		

Performance Measure Review						
	FY 22	FY 21	FY 20	FY 19	FY 18	
Central Processing						
Avg. Days Process Non-Peak Refund	6	6	6	6	8	
Avg. Days Process Non-Peak, Suspended Refund	16	26	23	25	72	
Avg. Days for Peak Refund Processed	6	8	6	6	6	
Avg. Days for Peak Suspended Processed	22	50	47	40	59	
Taxpayer Services						
Internet Filing Participants	1,777,283	1,924,361	1,592,136	1,636,394	1,592,429	
Electronic Filing Participants	980,626	1,058,315	892,225	956,388	938,138	
Direct Deposit Participants	1,020,344	1,067,954	879,740	888,142	886,320	
% of Business E-Filing	85%	80%	74%	68%	65%	
Compliance						
Sales & Use Tax Field/Office Audits	2328	1,491	975	1,480	1,262	
Withholding Tax Field/Office Audits	1457	993	647	290	243	
Motor Vehicle						
Additional & Delinquent Fees	1,281	1,638	1,346	1,463	1,430	
Total Registrations Processed (in millions)	4.5	4	5	4	4	
Vehicle Title Transactions (in millions)	1.5	2	2	1.5	2	

Revolving Funds (200 Series Funds)								
Please provide fund number, fund name, description, and revenue source	FY'20-22 Avg. Revenues	FY'20-22 Avg. Expenditures	June '22 Balance					
Fund 200 - Oklahoma Tax Commission Revolving Fund								
Provides resources for general operation of the agency.	\$37,216,136	\$31,730,277	\$20,281,907					
Fund 210 - OTC & OMES Joint Computer Enhancement Fund								

Joint effort between the Tax Commission and OMES for the acquisition of an Integrated Tax System	\$13,209,372	\$4,376,880	\$8,562,098	
Fund 215 - Oklahoma Tax Commission Reimbursement Fund			\$18,556,178	
Funds received by the OTC for data processing services or equipment rental and any miscellaneous	\$12,717,375	\$10,044,335		
funds received by the Commission				
Fund 220 - License Plate Special Program	4	4	4	
Provides financial assistance to a state agency chosen by the applicant for a special license plate	\$132,987	\$143,127	\$75,340	
Fund 230 - Used Tire Recycling Indemnity Fund			\$705,694	
Funds the provision to the Oklahoma Used Tire Recycling Act	\$13,293,580	\$9,375,692		
Fund 240 - County Government Education - Technical Revolving Fund				
Funds the OSU Center for Local Government Technology and the Oklahoma Cooperative Extension	\$4,946,484	\$4,193,785	\$0	
Service Country Training Program for the purposes of education, training, etc				
Fund 245 - Capital Account Revolving Fund				
Maintain the value of purchased property of the Strata Tower at Oklahoma Commons.	\$720,549	\$1,995	\$2,155,662	
Fund 250 - Oklahoma Film Enhancement Fund				
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly	\$9,333,333	\$9,567,643	\$9,940,178	
attributable to the production of a film, tv production or tv commercial				
Fund 260 - Filmed in Oklahoma Program Revolving Fund				
Provides a rebate of a percentage of documented expenditures made in Oklahoma directly	\$10,000,000	\$78,412	\$29,764,764	
attributable to the production of a film, tv production or tv commercial				
Fund 285 - Ad Valorem Reimbursement Fund			\$3,830	
Reimburses counties for loss of revenue due to exemptions of ad valorem taxes for new or expanded	\$42,629,527	\$148,055,975		
manufacturing or R&D facilities				

FY 2023 Current Employee Telework Summary								
List each agency location, then report the number of employees associated with that location in the teleworking categories indicated. Use "No specified location" to account for remote employees not associated with a site. Use actual current employees, not budgeted or actual FTE.		Full-time and Part-time Employees (#)						
Agency Location / Address	City	County	Onsite (5 days onsite, rarely remote)	Hybrid (2-4 days onsite weekly)	Remote (1 day or less weekly onsite)	3 Weeks Out/1 Week In	2 Weeks Out/2 Weeks In	Total Employees
Strata Tower	Oklahoma City	Oklahoma	130	68	120	233	2	553
511 NE 31st Street	Oklahoma City	Oklahoma	4	0	0	0	0	4
300 N. Broadway	Oklahoma City	Oklahoma	21	0	4	22	0	47
201 W. 5th Street, Suite 400	Tulsa	Oklahoma	1	9	0	0	0	10
3700 N. Classen, Suite 260	Oklahoma City	Oklahoma	4	1	1	0	0	6
								0
						Total Agency Employe	es	620