

Oklahoma Tax Commission

Lead Administrator: Tony Mastin, Executive Director

FY'17 Projected Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
Headquarters/Administrat	\$2,377,305		\$168,900	\$0	\$0	\$2,546,205
Taxpayer Assistance	\$9,101,034		\$1,252,722	\$0	\$0	\$10,353,756
Ad Valorem	\$2,819,672		\$70,681	\$0	\$0	\$2,890,353
Central Processing	\$2,510,327		\$2,226,400	\$0	\$0	\$4,736,727
Tax Policy	\$230,600		\$1,398,957	\$0	\$0	\$1,629,557
Management Services	\$5,736,657		\$574,119	\$0	\$0	\$6,310,776
Legal	\$2,826,806		\$292,157	\$0	\$0	\$3,118,963
Compliance	\$2,535,500		\$17,639,613	\$0	\$0	\$20,175,113
Motor Vehicle	\$4,499,062		\$3,446,521	\$0	\$0	\$7,945,583
Film Rebate	\$0		\$0	\$0	\$5,000,000	\$5,000,000
Data Processing	\$11,699,037		\$4,976,353	\$0	\$0	\$16,675,390
Total	\$44,336,000	\$0	\$32,046,423	\$0	\$5,000,000	\$81,382,423

*Source of "Other" and % of "Other" total for each.

FY'16 Carryover and Refund by Funding Source						
	Appropriations	Federal	Revolving	Local	Other*	Total
FY'16 Carryover			\$8,169,335			\$8,169,335
FY'16 GR Refund**	\$1,067,994					\$1,067,994

*Source of "Other" and % of "Other" total for each.

**Indicate how the FY'16 General Revenue refund was budgeted
The FY'16 refund was budgeted to department 1300001 in FY'17.

What Changes did the Agency Make between FY'16 and FY'17?
<p>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.</p> <p>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 Fiscal FY'17.</p> <p>3.) What services are still provided but with a slower response rate? N/A</p> <p>4.) Did the agency provide any pay raises that were not legislatively/statutorily required? If so, please provide a detailed description in a separate document. Yes. All pay raises were Cabinet Secretary approved. FY'16 - 140 totaling \$53,432.41/month FY'17 (through 11/2016) - 238 totaling \$105,490.45/month. The rise in the number of pay raises is due to the increased auditor hiring rate for the Tax Auditing Initiative.</p>

FY'18 Requested Division/Program Funding By Source						
	Appropriations	Federal	Revolving	Other	Total	% Change
Headquarters/Administrat	\$2,377,305		\$168,900	\$0	\$2,546,205	0.00%
Taxpayer Assistance	\$9,101,034		\$1,252,722	\$0	\$10,353,756	0.00%
Ad Valorem	\$2,819,672		\$70,681	\$0	\$2,890,353	0.00%
Central Processing	\$2,510,327		\$2,226,400	\$0	\$4,736,727	0.00%
Tax Policy	\$230,600		\$1,398,957	\$0	\$1,629,557	0.00%
Management Services	\$5,736,657		\$574,119	\$0	\$6,310,776	0.00%
Legal	\$2,826,806		\$292,157	\$0	\$3,118,963	0.00%
Compliance	\$2,535,500		\$17,639,613	\$0	\$20,175,113	0.00%
Motor Vehicle	\$4,499,062		\$3,446,521	\$0	\$7,945,583	0.00%
Film Rebate				\$5,000,000	\$5,000,000	0.00%
Data Processing	\$11,699,037		\$4,976,353	\$0	\$16,675,390	0.00%
Total	\$44,336,000	\$0	\$32,046,423	\$5,000,000	\$81,382,423	0.00%

*Source of "Other" and % of "Other" total for each.

FY'18 Top Five Appropriation Funding Requests

	\$ Amount
No New Funding Requests	
Total Increase above FY-18 Request	0

How would the agency handle a 5% appropriation reduction in FY'18?

A 5% appropriation reduction, totaling \$2,216,800, may result in the reduction of all contract personnel used to process payments and returns. This would necessitate the shifting of full time divisional staff to the Central Processing section for opening and processing returns resulting in a delay in issuing permits for new businesses and other services provided to taxpayers as well as the collection of state revenues.

How would the agency handle a 7.5% appropriation reduction in FY'18?

In order to accommodate a 7.5% reduction totaling \$3,325,200, a strict hiring freeze would be implemented throughout the year resulting in the loss of approximately 60 full time employees, in addition to the reduction of all contract personnel used to process payments and returns. This would result in a shifting of full time divisional staff to the Central Processing section for opening and processing returns. These actions would have a significant negative impact on the entire agency, as well as the state, due to significant lower revenue collections.

How would the agency handle a 10% appropriation reduction in FY'18?

To accomplish this reduction of \$4,433,600, all temporary employees would be eliminated resulting in the shifting of full time employees to open and process mail and incoming returns. Inadequate staff would reduce the number of audits performed, resulting in reduced collections. Additional full time reductions through reductions in force would also be necessary. Every program of the agency would be negatively impacted. In addition to a substantial delay in customer service, such as issuance of business permits, the payment of individual income tax refunds could be delayed causing the payment of interest to taxpayers

Is the agency seeking any fee increases for FY'17?

	\$ Amount
Increase 1 N/A	\$0
	\$0
	\$0

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

N/A

Federal Government Impact

- 1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**
No federal funds are received by the agency. The agency is totally funded from state appropriations and fees associated with tax administration.
- 2.) Are any of those funds inadequate to pay for the federal mandate?**
- 3.) What would the consequences be of ending all of the federal funded programs for your agency?**
- 4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**
- 5.) Has the agency requested any additional federal earmarks or increases?**

Division and Program Descriptions

Central Processing

This activity includes the receipt and processing of all tax documents and remittances. 692,005 payments totaling \$11.1 billion are prepared for deposit with the State Treasurer and 1.3 million returns are processed annually.

Taxpayer Services

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

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.

Compliance

This program's primary functions are 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 payout plans.

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.

Ad Valorem Programs

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

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 decisions and legislation. Revenue estimates are also provided for certification.

Headquarters/Administration

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

Support and Management Services

This activity includes the Agency's accounting functions, personnel functions, employee training, printing, inventory management, mail out and computer services. Apportionment of revenues to state and local entities is a primary function.

FY'18 Budgeted FTE						
	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
Headquarters	1	2	15	0	9	8
Administration	3	1	5	1	2	3
Taxpayer Assistance	10	51	11	39	21	2
Communications	2	1	9	0	8	2
Account Maintenance	13	61	11	27	43	2
Ad Valorem	7	20	12	13	17	2
Central Processing	9	45	10	45	8	2
Tax Policy	3	1	12	1	8	4
Management Services	10	15	27	9	29	4
Human Resources**						
Information Technology	8	1	35	0	34	2
Legal	7	16	19	10	21	4
Compliance	33	190	55	107	132	6
Motor Vehicle	16	75	9	42	40	2
Total	122	479	230	294	372	43

**Human Resources will be moved to Management Services in FY18

FTE History					
	2017 Budgeted	2016	2013	2010	2006
Headquarters	16	16	16	17	16
Administration	6	9	10	10	9
Taxpayer Assistance	68	79	81	94	115
Communications	10	10	11	11	11
Account Maintenance	78	67	63	78	66
Ad Valorem	32	22	35	35	33
Central Processing	38	55	28	57	56
Tax Policy	16	15	14	15	14
Management Services	41	38	35	41	42
Human Resources	6	5	8	9	9
Information Technology	55	41	69	101	107
Legal	37	31	34	35	33
Compliance	289	241	277	280	307
Motor Vehicle	85	84	79	96	94
Total	777	713	760	879	912

Performance Measure Review					
	FY'16	FY'15	FY'14	FY'13	FY'12
Central Processing					
Avg. Days Process Non-Peak Refund	2	8	10	2	4
Avg. Days Process Non-Peak, Suspended Refund	34	79	43	43	48
Avg. Days for Peak Refund Processed	5	9	17	4	9
Avg. Days for Peak Suspended Processed	81	96	129	39	34
Taxpayer Services					
Internet Filing Participants	1,595,604	1,543,320	1,388,351	438,790	401,298
Electronic Filing Participants	975,836	975,459	883,033	996,224	865,261
Direct Deposits Participants	931,941	884,232	862,018	1,123,985	1,012,932
% of Business E-Filing	50.6%	34.1%	23.3%	76.8%	62.7%
Compliance					
Sales & Use Tax Field Audits	860	942	1086	716	576
Withholding Tax Field Audits	293	148	280	140	212
Motor Vehicles					
Additional & Delinquent Fees*	873	68,395	75,071	75,584	78,639
Total Registration Processed (in millions)	4.1	4.2	4.1	3.9	2.9
Vehicle Title Transactions (in millions)	1.6	1.5	1.5	1.5	1.5

*This separate transaction type was discontinued as of the implementation of MV OneLink, and the necessary collections rolled into specific transaction types.

Revolving Funds (200 Series Funds)			
	FY'14-16 Avg. Revenues	FY'14-16 Avg. Expenditures	June '16 Balance
Fund 200-Oklahoma Tax Commission Rev Fund Provides resources for general operations of the agency.	\$25,787,747	\$24,420,514	\$4,572,062
Fund 210-OTC & OMES Joint Computer Enhancement Joint effort between the Tax Commission and OMES for the acquisition of and Integrated Tax System.	\$28,043,852	\$34,362,235	\$313,447
Fund 215-Okla Tax Comm Reimbursement Fund Funds received by the OTC for data processing services or equip rental and any misc funds received by the Commission	\$7,946,998	\$6,492,217	\$3,597,273
Fund 220-License Plate Special Program Provides financial assistance to a state agency chosen by the applicant for a special license plate.	\$4,013	\$4,007	\$800
Fund 230-Used Tire Recycling Indemn Fund Funds the provisions of the Okla Used Tire Recycling Act.	\$9,483,345	\$9,657,674	\$2,009,591
Fund 235-Protest Fund Reimburse cases where it is alleged/claimed that fees or taxes of the state are in a whole or in part unconstitutional or otherwise invalid. Fees/taxes are retained in the Fund pending final determinations specified in Title 62, Section 206.	\$70,970	\$0	\$212,909
Fund 250-Ok Film Enhancement Fund Provides a rebate of a percentage of documented expenditures made in OK directly attributable to the production of a film, tv production or tv commercial	\$5,000,009	\$2,538,492	\$12,310,542
Fund 285-Ad Valorem Reimbursement Fund Reimburses counties for loss of revenue due to exemptions of ad valorem taxes for new or expanded manufacturing or R&D facilities	\$49,442,948	\$85,315,023	\$1