



Iowa Department of
REVENUE

PERFORMANCE REPORT

for

Fiscal Year 2015

Courtney M. Kay-Decker

Director

AGENCY OVERVIEW

Mission

The mission of the Iowa Department of Revenue (IDR), is to serve Iowans and support state government by collecting all taxes required by law, but no more.

Taxes Established by Iowa Code

The taxes and fees administered by IDR include:

Individual Income Tax / Withholding	Consumer's Use Tax	Fuel Taxes
Corporation Income Tax	Retailer's Use Tax	Fiduciary Tax
Partnership Income Tax	Hotel / Motel Tax	Inheritance Tax
Franchise Income Tax	Local Option Sales Tax	Cigarette / Tobacco Tax
Sales Tax	E911 Surcharge Fee	Drug Stamp Tax
Property Tax	Replacement Tax	Real Estate Transfer Tax
One-time Fee for New Vehicle Registration	Car Rental Tax	Moneys & Credits Tax

Vision and Guiding Principles

IDR established the following *vision* and *guiding principles* in its 2012-2015 Strategic Plan:

Vision

Iowa will be a state where it is easy to understand and comply with tax obligations.

Guiding Principles

Governor Branstad has outlined four goals for his administration, as follows:

- Create 200,000 New Jobs;
- Reduce the Cost of Government by 15%;
- Restore Iowa's Educational System to Number One in the Nation; and
- Increase Family Incomes by 25%.

The Department of Revenue will do its part to support and further those goals.

In addition, we have adopted the following Departmental Guiding Principles:

Customer Focus

- We understand that Iowa taxpayers are our number one customers.
- We collaborate and partner with both our internal and external customers.
- We use technology to support our customers more efficiently.
- We maintain the public's confidence by safeguarding our customers' confidential information.

Expertise

- We provide expert advice and support to policymakers and to local and state government entities.
- We help local governments responsibly manage their fiscal resources through our support of the property tax system and distribution of local option taxes.
- We educate and train employees to gain the knowledge needed to perform their jobs the best they can.

Education

- We recognize that Iowa tax laws are complex and will provide the services and education necessary to facilitate compliance.
- We simplify regulations where possible and recommend policy that enhances the ease of taxpayer compliance.

Fiscal Management

- We responsibly manage our financial resources to fulfill our mission.
- We continually monitor and measure our internal processes to assure economy and efficiency, keeping the cost of state government as low as possible.
- We work with the Legislative Branch to recommend fiscally sound legislation that reflects the fiscal obligations of the State.

Core Functions

IDR's core functions are:

TAX COMPLIANCE AND REVENUE COLLECTION. These functions are the most visible portion of our operations. They include educating taxpayers – our customers – on tax laws and regulations, processing tax returns and related documents, and collecting taxes and other amounts due, all in compliance with Iowa's tax laws. It is under this umbrella that IDR conducts its taxpayer examination and audit programs and resolves disputed tax issues.

LOCAL GOVERNMENT ASSISTANCE. IDR also provides resources and education to cities and counties. It is through this function that we administer just and uniform property assessments across the state. IDR also administers programs for property tax relief, local option sales tax, and other local tax programs.

RESEARCH, ANALYSIS, AND INFORMATION MANAGEMENT. IDR provides tax policy development and analysis, fiscal impact estimation, and economic and statistical research and analysis to help customers, stakeholders, and policymakers make informed decisions.

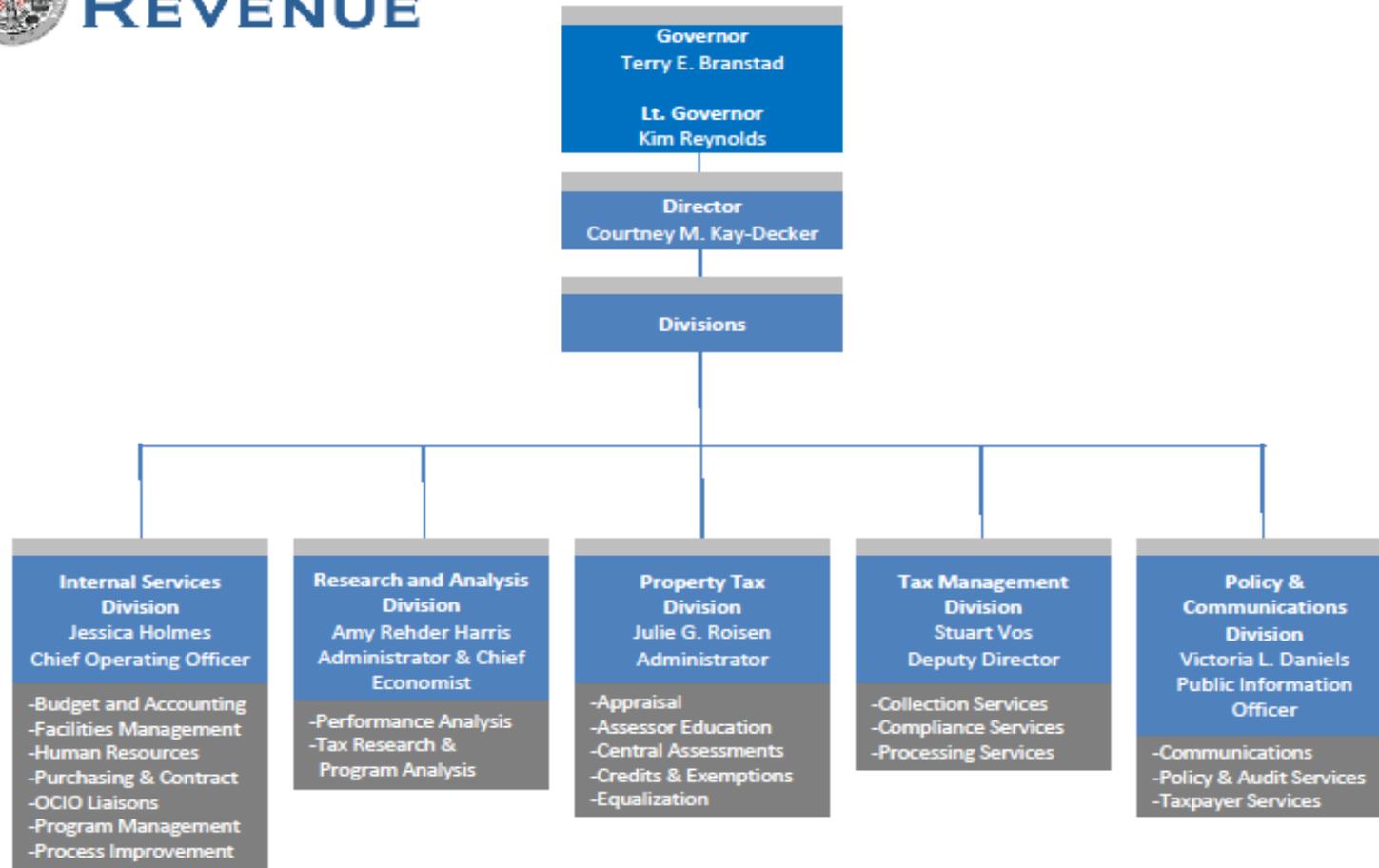
RESOURCE MANAGEMENT. IDR's Internal Services Division provides internal infrastructure support for operations, including technology development and support, personnel management, and budgeting.

Department Operational Units

IDR has five operational units. The following chart is an overview of our primary organizational entities and the services they provide.



Iowa Department of REVENUE



<https://tax.iowa.gov>

The Department includes two boards for budgetary purposes:
The State Board of Tax Review and the Property Assessment Appeal Board.

Customers

IDR's customer base is, by its very nature, one of the largest of Iowa State government agencies. In addition to all persons with Iowa tax responsibilities throughout the state and nation, IDR deals with all levels of state, local, and federal governments, tax practitioners, business groups, state employees, the legislature, and other states' revenue agencies.

IDR deposits over 95% of the State's appropriable receipts. Other State agencies depend on timely deposits to provide the funds they use to operate. Externally, taxpayers expect timely processing of returns and refunds. Taxpayers also expect an audit billing to be accurate and understandable.

Each customer expects information and outputs to be disseminated timely, accurately, and clearly. This expectation holds true for both analysis and reports in response to external inquiries and internal questions.

Staff

The Director of IDR is Courtney M. Kay-Decker. Director Kay-Decker was appointed by Governor Terry Branstad in January 2011. As of June 30, 2015, IDR had 291 full-time employees. There were 5 employees in the Sioux City field office and 10 employees worked in the Cedar Rapids office. There were 35 teleworkers and the remaining 241 employees were domiciled in Des Moines. All IDR's contract-covered job classifications fall under the AFSCME bargaining agreement.

Goals, Measures and Results

IDR's Strategic Plan identified three goals and a number of strategies to achieve those goals. This Performance Report summarizes the tactical steps taken towards achieving those goals. In the pages that follow, five noteworthy achievements are highlighted. The rest of the report summarizes the results of each measure identified in our Fiscal Year 2015 Performance Plan.

KEY RESULT

Core Function: Revenue Collections and Compliance

Goal: Provide accurate, clear, and concise information to taxpayers.

Description: IDR processes over 1.5 million individual income tax returns each year. Not all taxpayers who file an individual income tax return voluntarily pay their tax liability and some taxpayers make errors in completing their returns. It is IDR's responsibility to accurately process the returns of taxpayers who filed correctly and to bill those who have not paid or who filed incorrectly.

Why we are doing this: IDR strives to collect all dollars owed to the State and to provide the right information to taxpayers in the most efficient and effective manner.

What we are doing to achieve results: IDR created a taxpayer education focus by using social networking, providing webinars, and holding classes for taxpayer education. IDR contacts taxpayers, tax preparers, and industry groups prior to initiating audit programs.

Results

Performance Measure:

Percent of tax known due paid for individual income tax within the three-year statute of limitations

Performance Target:

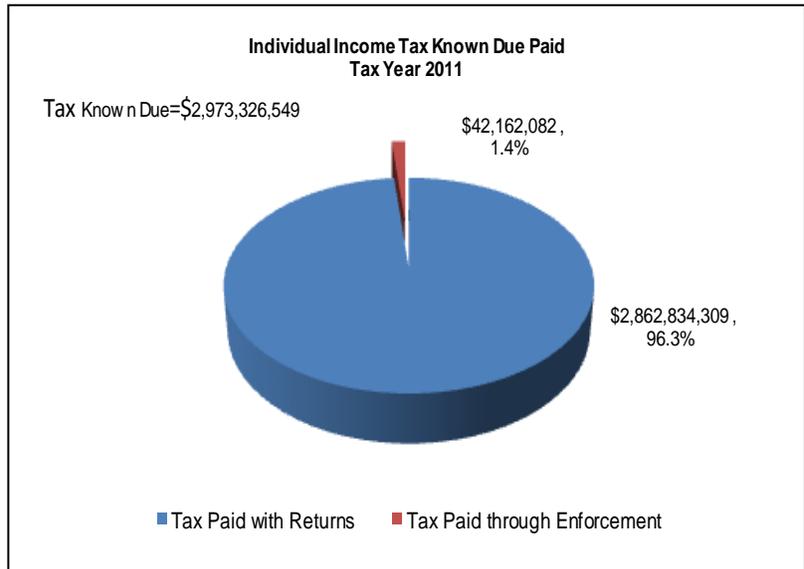
At least 95% of tax known due will be paid

What Was Achieved:

For tax year 2011, 97.7% of tax known due was paid within the three-year statute of limitations

Data Sources:

Tax Management compliance and collections reports and Business Objects queries



KEY RESULT

Core Function: Revenue Collections and Compliance

Goal: Provide superior customer service.

Description: Percent of electronic and paper payments received by IDR deposited on the same day as received.

Why are we doing this: Prudent money management principles require that revenues be deposited as quickly as possible in order to maximize investment proceeds and cash flow and to provide for accurate accounting. The timely deposit of revenues ensures that funds are available for the continued provision of State government services for the citizens of Iowa.

What we are doing to achieve results: The Processing Services area of the Tax Management Division deploys strategies to improve deposit of income tax, withholding, and sales tax during high-volume quarterly periods. IDR also provides easy access to electronic deposit of business taxes. In fiscal year 2015, 82% of receipts were deposited the same day as received. Most of the remaining 18%, generally paper checks that must be manually separated from a return, were deposited the day after receipt, and 99.9% were deposited within 14 days.

Results

Performance Measure:

Percent of payments deposited on the same day as received

Performance Target:

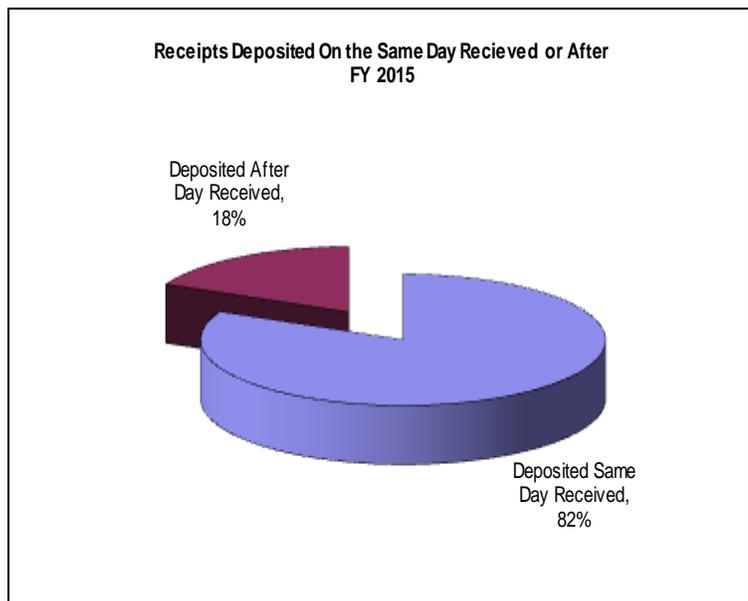
85% of payments received by IDR will be deposited on the same day as received

What Was Achieved:

82% of payments received by IDR were deposited on the same day as received

Data Sources:

Tax Management Division reports and information systems



KEY RESULT

Core Function: Revenue Collections and Compliance

Goal: Modernize the delivery of tax administration services.

Description: The Compliance Services area of the Tax Management Division reviews returns covering 14 major taxes established by Iowa law. Our compliance team determines unpaid tax liabilities and bills taxpayers for the correct amount of tax.

Why are we doing this: Audits and collection efforts encourage voluntary compliance with Iowa's tax system. Audits are both educational and informative in order to reduce the need for future audits of the same taxpayer.

What we are doing to achieve results: The Tax Management Division integrates internal and external databases to enhance compliance and enforcement.

Results

Performance Measure:

Revenue collected per dollar spent on enforcement

Performance Target:

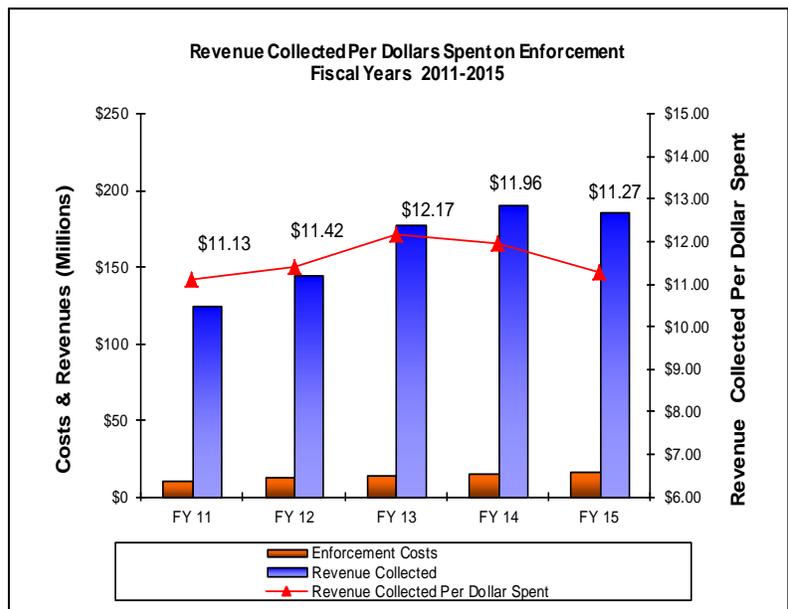
Collect at least \$9.00 for every dollar spent on enforcement

What Was Achieved:

IDR collected \$11.27 for every dollar spent on enforcement

Data Sources:

Compliance Services return on investment and cost benefits reports, and Business Objects queries



KEY RESULT

Core Function: Resource Management

Goal: Modernize the delivery of tax administration services.

Description: Increase utilization of electronically filed income tax programs each year.

Why we are doing this: IDR views electronic filing of tax returns as an effective way to improve our efficiency, while also facilitating more accurate returns for our customers. Where applicable, customers benefit from receiving a tax refund in less time than if they filed a paper return.

What we are doing to achieve results: For eligible taxpayers, IDR offers access to individual income tax return software with free filing. The individual income tax return software available for all taxpayers that can be accessed through the IDR website has been monitored to assure it is compatible with State tax forms and electronic filing systems. In addition, IDR promotes electronic filing to the general public and key customer groups, in cooperation with agencies and non-profit organizations throughout the state.

Results

Performance Measure:

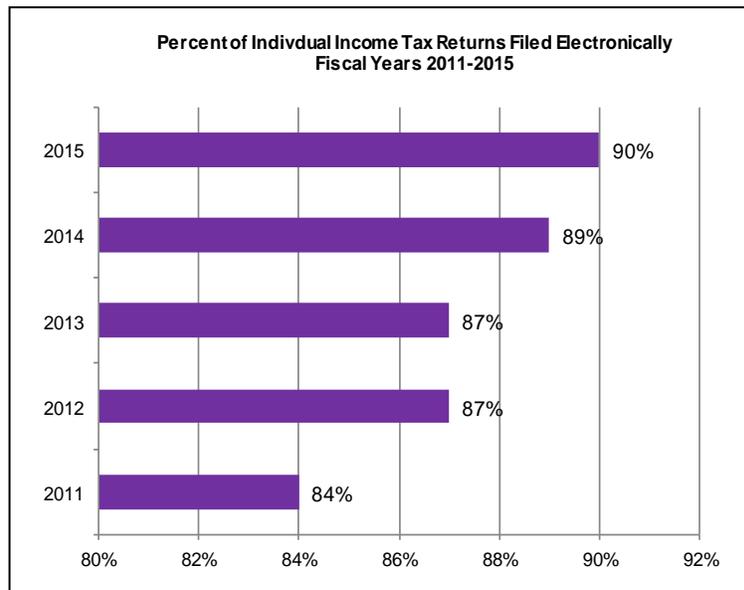
Percent of electronically filed individual income tax returns

Performance Target:

90% of individual income tax returns will be filed electronically

What Was Achieved:

90% of individual income tax returns were filed electronically



Data Sources:

IDR information systems

KEY RESULT

Core Function: Resource Management

Goal: Provide superior customer service.

Description: IDR receives and processes over 1.5 million individual income tax returns each year. Although some taxpayers must pay additional tax when filing their returns, a majority of taxpayers are entitled to refunds.

Why we are doing this: IDR recognizes that taxpayers entitled to refunds prefer receiving their payments in a timely manner.

What we are doing to achieve results: IDR has two key systems for processing individual income tax returns. One system is used to process returns filed on paper forms. The second system is for processing electronically filed returns. IDR monitors the processing efficiency and turnaround time for both systems. Although IDR continues to promote a quick refund turnaround time as a taxpayer benefit to electronically filing a return, IDR is aware that the filing of fraudulent tax returns has become an issue for the IRS and state revenue departments. Ongoing efforts to prevent and catch the filing of fraudulent returns may delay the issuing of some individual income tax refunds.

Results

Performance Measure:

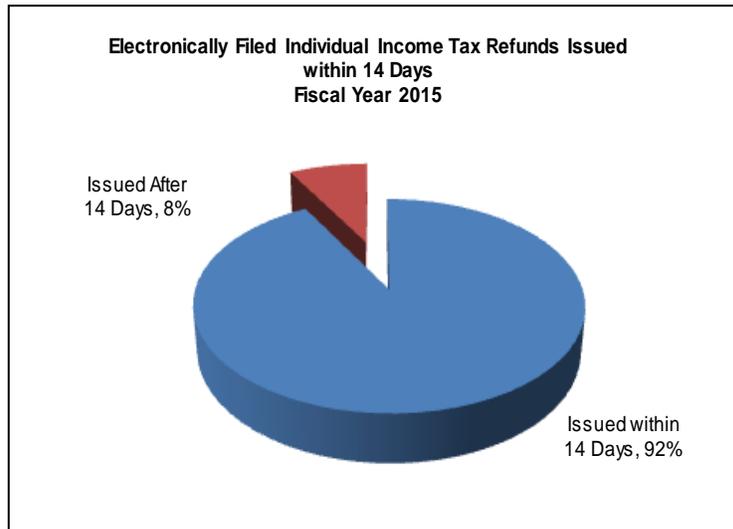
Percent of electronically filed individual income tax refunds issued within 14 days

Performance Target:

90% of refunds will be issued within 14 days

What Was Achieved:

92% of refunds were issued within 14 days



Data Sources:

IDR information systems

**Agency Performance Plan Results
FY 2015**

Name of Agency: Iowa Department of Revenue

Agency Mission: The Iowa Department of Revenue will serve Iowans and support state government by collecting all taxes required by law but no more.

Core Function: Local Government Assistance

Property Tax Division:			
Equalization:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of required appraisals completed.	100%	100%	
2. Percent of jurisdictions within statutory assessment level tolerance.			
Agricultural	100% of jurisdictions within 95% to 105% of statutory assessment level.	100%	
Residential	100% of jurisdictions within 95% to 105% of statutory assessment level.	100%	
Commercial	100% of jurisdictions within 95% to 105% of statutory assessment level.	100%	
3. Percent of assessing offices in compliance with 2008 manual for assessments.	100%	100%	

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FY 2015**

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Core Function: Local Government Assistance (continued)

Assessor Education:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of assessors meeting continuing education requirements.	100% notification (214) by 8/31/2014 and 01/31/2015.	100%	
Credits/Exemptions, Transfer Tax:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of timely responses to policy questions, communication with taxpayers and/or local government officials.	Written policy letter communication with taxpayers and/or local government officials within 1 week. (100%)	99%	Process improvements have been obtained through requiring local government officials to use the PropertyTax@iowa.gov e-mail to submit questions to IDR. Questions are disseminated to appropriate personnel, and monitored and tracked through a single staff person. While some questions take additional time as a result of legal review, the ability to answer and manage the incoming communications has improved as more staff are involved in providing answers.

**Agency Performance Plan Results
FY 2015**

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Core Function: Local Government Assistance (continued)

Central Assessments:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of utility and railroad assessments completed by the due date.	(273) 100%	100%	
2. Percent of replacement tax assessments completed by the due date.	(189) 100%	100%	
Local Option Taxes:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of Local Option Sales Tax and SAVE payments timely distributed each year.	95%	100%	

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Core Function: Local Government Assistance (continued)

Property Assessment Appeal Board:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Number of protests from State Board of Review.	350 protests in reassessment years and 50 protests in non-reassessments years.	1,215 protests received in this reassessment year.	
2. Processing time for appeal process.	90% of decisions prior to properties' second delinquency date.	93% of decisions prior to properties' second delinquency date.	

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Core Function: Resource Management

Internal Services Division:			
IDR Liaisons:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of electronically filed individual income tax returns.	88%	90%	
2. Percent of online system work time availability (IRIS, network, e-file).	99%	99%	
3. Percent of online system work time availability (CACS-G).	99%	99%	

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Core Function: Resource Management (continued)

Human Resources:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Employee training and orientation.	100% of new employees will take orientation class within six months of hire.	100%	
	Provide soft skills training for 100% of employees.	100%	
	Provide technical training for 100% of employees.	100%	

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Core Function: Revenue Collections and Compliance

Tax Management Division:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of tax revenues received by electronic transfer.	79%	77%	
2. Percent of paper-filed individual income tax refunds issued within 60 days.	85%	92%	
3. Percent of electronically filed individual income tax refunds issued within 14 days.	90%	92%	
4. Percent of billed accounts resolved within 180 days.	70%	68%	
5. Ratio of costs to collections.	10% or <	7.4%	
6. Revenue collected per dollar spent on enforcement. (Exam and Audit)	\$9.00	\$11.27	

**Agency Performance Plan Results
FY 2015**

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Core Function: Revenue Collections and Compliance (continued)

Processing Services:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of payments deposited on the same day as received.	85%	82%	
2. Percent of paper income tax returns imaged.	100%	100%	
Collection Services:			
Accounts Receivable			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of net debt collected within 90 days.	40%	33%	
2. Dollars of debt collected within 90 days.	\$50,000,000	\$48,359,842	
Central Collections:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of net debt collected within 210 days.	50%	51%	
2. Dollars of debt collected within 210 days.	\$60,000,000	\$74,035,204	
3. Dollars recovered for clients.	\$50,000,000	\$62,673,244	

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FY 2015**

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Core Function: Revenue Collections and Compliance (continued)

Advanced Collections:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of net debt collected within 365 days.	60%	63%	
2. Dollars of debt collected within 365 days.	\$75,000,000	\$91,221,869	
Compliance Services:			
Examination:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of revenue established collected.	67%	46%	
2. Percent of tax known due paid for individual income tax collected within the statute of limitations.	95%	97%	
3. Percent of income tax returns requiring review worked within 60 days of going to review.	70%	82%	

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FY 2015**

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Core Function: Revenue Collections and Compliance (continued)

Audit Services:			
In-State Field Audit:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of revenue established collected.	67%	52%	
Tax Gap Programs:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of revenue established collected.	20%	46%	

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FY 2015**

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Core Function: Revenue Collections and Compliance (continued)

Tax Policy and Communications Division:			
Tax Policy:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of contacts within 12 months of receipt of protest.	100%	57%	
2. Percent of protests resolved informally.	40%	97%	
Communications			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Number of tweets and number of recipients.	750 tweets and 50,000 recipients.	1,080 tweets, 65,891 recipients.	
2. Number of new Twitter followers.	600	206	
3. Number of Tax Education Videos viewed (YouTube).	9,000	19,655	

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Core Function: Revenue Collections and Compliance (continued)

Taxpayer Services:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of Taxpayer Services calls dropped.	6% or <	17.9%	
2. Percent of Taxpayer Services calls answered in one minute.	65% or >	48.3%	
3. Percent of Taxpayer Services emails answered in one business day.	95%	37.0%	

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FY 2015**

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Core Function: Research, Analysis, and Information Management

Research and Analysis Division:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of Statistical Reports completed timely.	100% timely release of Individual Income Tax annual - March & May, Sales Tax quarterly and annual.	100%	Timely release of individual income tax statistical reports allowed the Department of Education and school districts to prepare budgets and apply for federal grant money; quarterly sales tax reports provide taxpayers information about economic activity by city and sector.
2. Percent of Monthly Receipts and Refunds Reports completed timely.	100% of monthly reports by end of 2nd business day of next month.	100%	
3. Percent of Revenue Estimating Conference briefing papers completed timely.	Complete 100% of reports in time for DOM-LSA briefing sessions.	100%	

**Agency Performance Plan Results
FY 2015**

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Core Function: Research, Analysis, and Information Management (continued)

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
4. Percent of Iowa Leading Indicators Index reports released timely.	100% of reports released no later than the 2 nd business day of the month following the month in which the index component data became available.	100%	
5. Percent of legislative fiscal impact estimates completed timely.	Complete 75% of requests timely according to deadlines set by the Governor and Legislature.	78%	With 145 formal fiscal estimate requests and an additional 39 informal requests during the 2015 session, staff efforts were directed to the most pressing issues, with an aim to provide support to the staff of the Legislature and Governor as needed.
6. Percent of accurate Local Option Sales Tax jurisdictions estimates.	90% of jurisdictions' initial distribution estimates within 10% of target distributions which equal 95% of actual collections.	91%	

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FY 2015**

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Core Function: Research, Analysis, and Information Management (continued)

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
7. Percent of special tax and policy studies completed timely.	As requested.	N/A	
8. Percent of Tax Credits Tracking and Analysis Program evaluation studies completed timely.	Complete 100% of written studies by the start of the 2015 Legislative session.	100%	Four evaluation studies were posted to the IDR website in early January covering the Biofuel Retailers' Tax Credits, the Renewable Energy and Wind Energy Production Tax Credits, the Venture Capital Tax Credits, and the Historic Preservation and Cultural and Entertainment District Tax Credit.