



OKLAHOMA
Tax Commission

Tax Commission

FY 2023 Budget Hearing Presentation

Submitted by: Interim Management Team

Interim Management Team



The **Oklahoma Tax Commission (OTC)**, as an agency, administers the collection and distribution of 76 different taxes, licenses and fees. It is the OTC's statutory duty to apportion such revenues to the various state funds and to allocate directly to local units of government certain state-collected levies earmarked to counties, school districts and municipalities. Under contract with individual municipalities, the OTC is responsible for administration, collection and distribution of local sales and use tax levied by the cities and towns of Oklahoma. Founded in 1931, this agency now encompasses the following divisions:

Headquarters

Administration

Innovation

Business Tax Services

Digital Communications & Marketing

Income Tax Accounts

Taxpayer Resources

Ad Valorem

Central Processing

Tax Policy & Research

Business Operations

Human Resources

Apportionment & Revenue

Information Technology

Legal

Audit Services

Collections

Motor Vehicle

Agency Vision, Mission and Core Values

Vision:

Be the benchmark for all stakeholders, all individuals and organizations who have a vested interest in the OTC: Stakeholders use the OTC as their example of the state's most proactive, fair and equitable agency that consistently exceeds its customers' expectations.

For taxpayers, those individuals and organizations who are required to comply with the tax laws of the State of Oklahoma by filing applicable returns, reports and other required information: Taxpayers perceive the OTC as the most accessible, informative, responsive and customer-friendly agency in the State of Oklahoma.

For Peers, revenue agencies outside of Oklahoma with whom we share interests, processes and common responsibilities: Peers say "Oklahoma" every time they look for the most forward-thinking, trend setting, knowledgeable and customer-friendly revenue agency.

For Employees, those individuals who work as permanent employees of the OTC: Employees recognize the agency as the best place to work in the State of Oklahoma.

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

Core Values:

Fairness: We have an obligation to ensure that our customers pay no more or less than they owe.

Quality: We strive to do all of our work right the first time.

Service: We owe our customers quality service each time, all the time.

Responsiveness: Our duty is to provide clear, concise, correct and quick communication to all of our customers.

Communication: We actively encourage an open exchange and sharing of information with customers and co-workers alike.

Teamwork: Each one of us is responsible for cultivation of an "I will not let my teammate fail" attitude. We believe our employees are our most important resource.

Creativity: We aggressively foster a creative environment in order to identify the most appropriate solution for each and every problem we face.



Accomplishments & Challenges

Top accomplishments for FY 2021

- 1) Improved Motor Vehicle e-Services with an upgrade to the OneLink system to expand services and add intuitive self-service options.
- 2) Reduced mail, mail expense and improved taxpayer reach with the initiation of a closed loop mailing system; increased availability of online reports, i.e., 1099-G, W-2 history retrieval, etc.
- 3) Combined OKC workforce into one office location, reducing lease expense and improving collaboration and relocated a new centralized Taxpayer Resource Center providing services of multiple state agencies.
- 4) Provided a solution for taxpayers to receive refunds due to the American Rescue Plan Act of 2021. A data sharing agreement with the OESC enabled an automated process to adjust returns.
- 5) Launched two new websites – an external Adobe mobile-friendly website with predictive search tools and interactive resources, and an internal intranet.

Challenges (current & upcoming years)

- 1) Recruitment and retention of qualified employees.
- 2) The 2021 legislative session resulted in administration and implementation of 104 bills with an estimated administrative cost of \$2.9M.



Goals & Projects for FY 2023

Goals

- 1) Implement a process to routinely issue wage garnishment for unpaid tax liabilities while accounts are in the initial stages of collection to reduce outsourcing expenses and increase state revenue.
- 2) The OTC will be the first to implement a new and improved fraud prevention platform (FIVS) for individual income tax for the 2021 tax filing season.
- 3) Launch new management tools and reporting with an OneLink upgrade to processes and workflows to include new tax types for online filing and reports for individual income, franchise and corporate accounts.
- 4) Invest in labor force through career and leadership development initiatives.

Projects

- 1) Focus on enhancing the taxpayer experience both in person and via its web presence through convenient services and taxpayer-focused initiatives. One such initiative is the implementation of customer feedback surveys that will allow the OTC to pinpoint areas for improvement in the taxpayer experience and potential for new online services.
- 2) Implementation of new legislation which includes Motor Vehicle electronic lien and titling, a single plate system for taxpayer convenience, and incorporating new KPMs to ensure success.
- 3) Launch an online appointment application and queue system to streamline customer flow with guest check-in and efficient service fulfillment.



Savings & Efficiencies

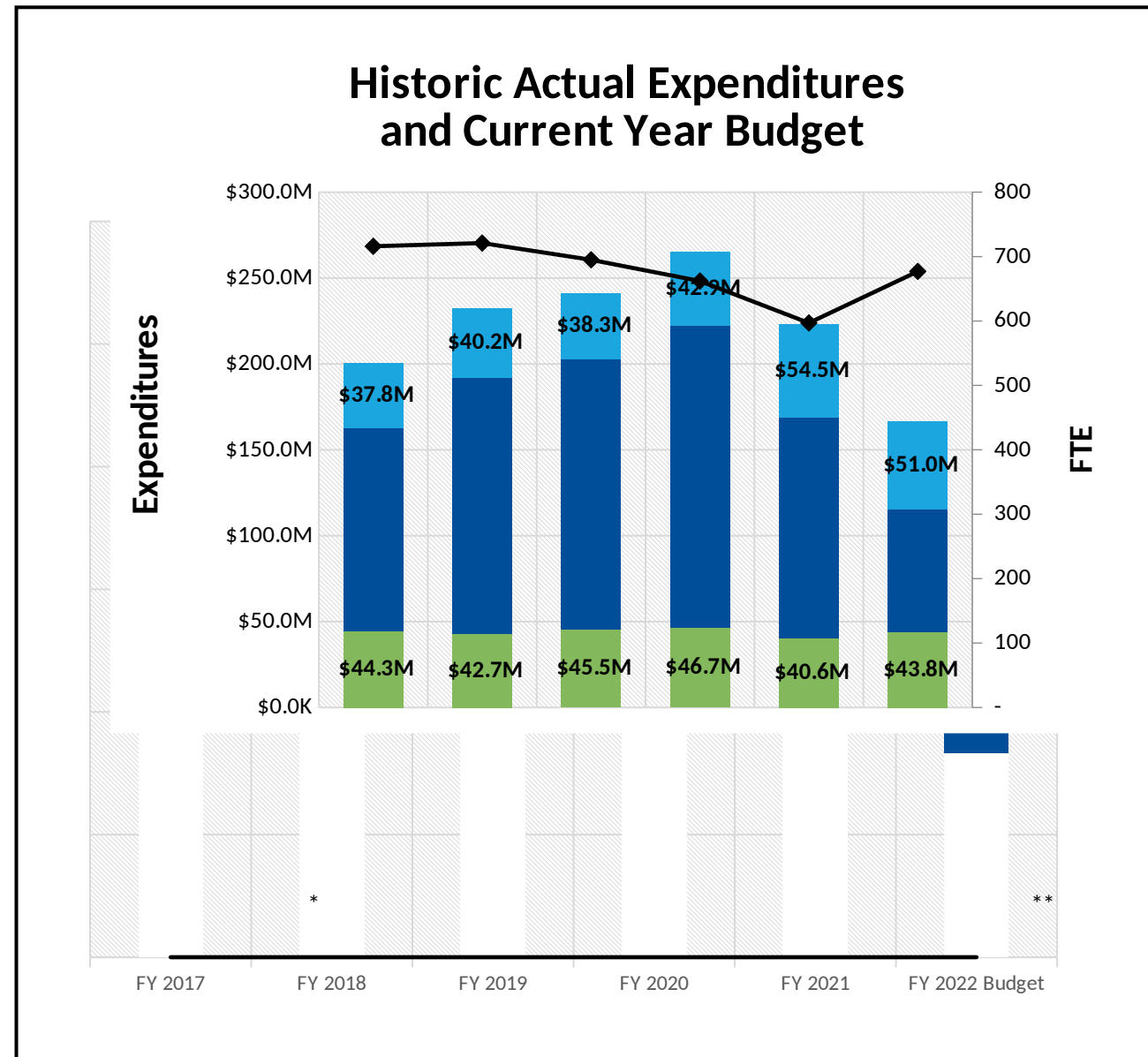
- Combining the Oklahoma City workforce into a single location with the purchase of nine floors in the SandRidge Energy Tower improved the efficiencies and effectiveness of the workforce, enhancing the agency culture and creating fiscal efficiencies with the elimination of \$1,923,529 in annual, reoccurring lease expenses.
- Provided taxpayers access to OTC 1099-G tax documents online, reducing the cost of postage and printing. 3,300 taxpayers opted in for paperless in a single month.
- The OTC introduced e-Correspondence through OkTAP allowing taxpayers to opt-in to go paperless. Within 60 days, 20% of OkTAP taxpayers elected to opt-in.
- Achieved 55.97% increase in state revenue recovered from notice to show cause hearings.
- The OTC leverages statewide contracts to ensure the best value is attained in all acquisitions. Furthermore, the OTC continues to realize savings due to a reduction in the number of temporary employees required during peak season as a result of process and equipment improvements.
- Continued to work cooperatively with other state agencies to exchange data, including new Interagency Agreements with the Department of Public Safety, Oklahoma Department of Veterans Affairs, and the Oklahoma Employment Security Commission allowing agencies to more efficiently carry out their statutory obligations and implement new legislation.



Historic Actual Expenditures (FY 17-21) and Current Year Budget (FY 22)

*Pass-through funds are not expended for the general operations of the agency.

**Initial FY22 budget does not include the Ad Valorem Reimbursement FY22 obligation to counties and schools, which has averaged \$139.5M over the previous 5 years, due to data availability.



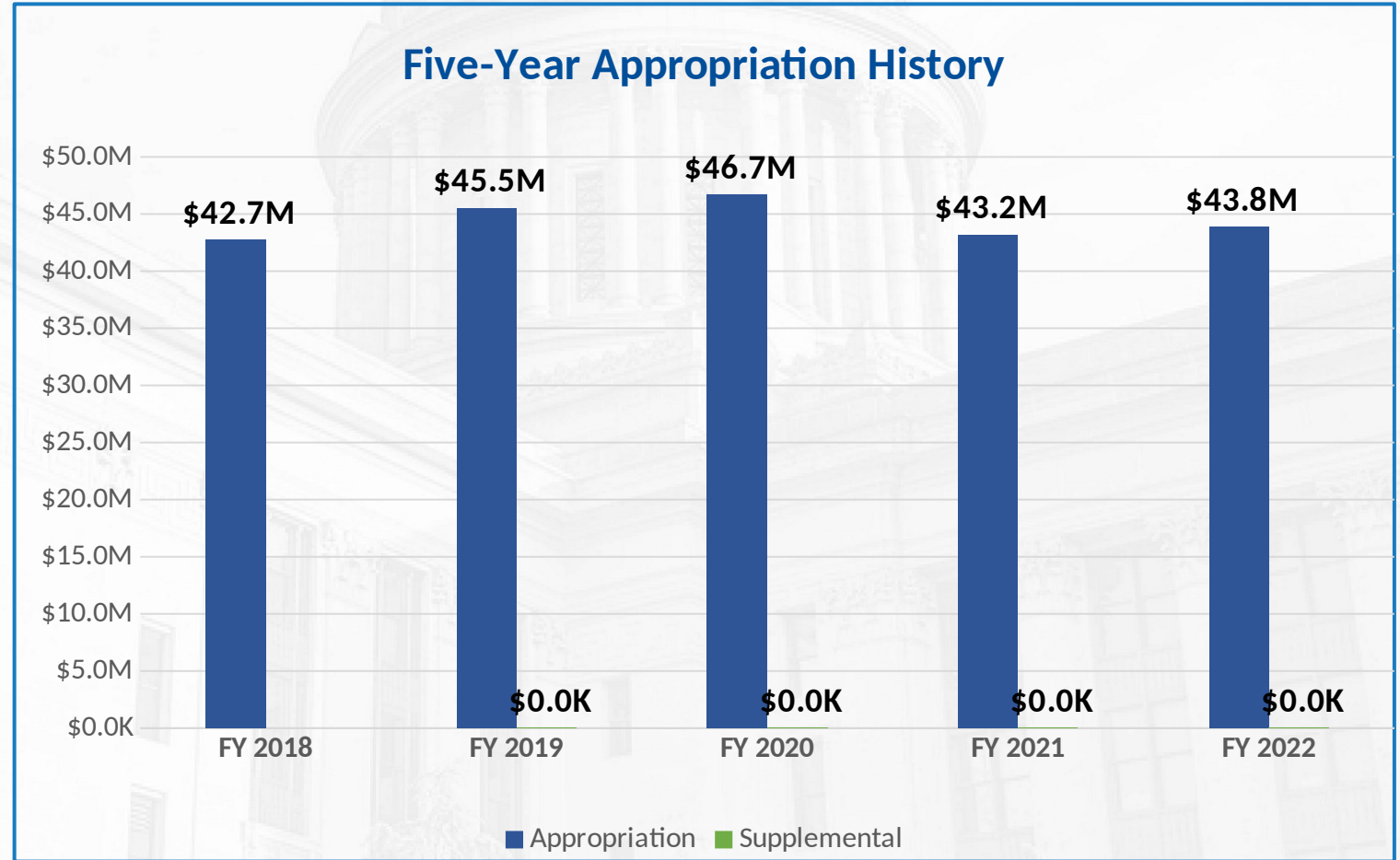


FY 2022 Budgeted Full Time Equivalents (FTE)

	FY 2022 Budgeted FTE
Total FTE	677
Supervisor FTE	130
Supervisors to Total FTE Ratio (%)	19.2%

Appropriation History

Fiscal Year	Appropriation (\$) (include supplemental if applicable)
FY 2018	42,733,616
FY 2019	45,525,057
FY 2020	46,678,127
FY 2021	43,177,267
FY 2022	43,844,417



Appropriated Carryover History and Justification

		FY 2017 (Actuals)	FY 2018 (Actuals)	FY 2019 (Actuals)	FY 2020 (Actuals)	FY 2021 (Actuals)	FY 2022 (Planned)
Total appropriated carryover amount expended (\$)		0	0	0	0	0	0
Fiscal Year of the original appropriation	Projected amount carried over to FY 2023 (\$)	Describe how projected carryover will be used in FY 2023					
FY 2022	0						
FY 2021	0						
Total projected FY 23 Carryover (\$)	0						



Available Cash Description and Justification

Class Fund #	Available Cash amount (\$)
200	\$18,260,165
215	\$12,253,318
Total Available Cash:	\$30,513,483

Available cash is unbudgeted cash that is not restricted by federal partners, statute, or contractual obligations.

Fiscal Year	Agency's plan to deploy available cash (include amounts):
FY 2022	Add additional software to enhance e-Services available to taxpayers - \$5,000,000; MOVEit software enhancement to address IRS requirement for secure file transfer program - \$90,000; Closed Loop Mailing to reduce current postage rate and reduce future costs associated with returned mail - \$110,000; Capital Account Revolving Fund to maintain owned space -\$4,480,000; Salary adjustment retention plan to reduce turnover and retain existing talent - \$500,000; Implementation of new 2021 legislation such as electronic liens, titling and single plate administrative costs - minimum of \$2,900,000.
FY 2023	Add additional software to enhance e-Services available to taxpayers - \$2,000,000; Salary adjustment retention plan to reduce turnover and retain existing talent - \$325,000; Implementation of new 2021 legislation such as electronic liens, titling and single plate administrative costs - minimum of \$290,000.
FY 2024	Add additional software to enhance e-Services available to taxpayers - \$2,000,000; Salary adjustment retention plan to reduce turnover and retain existing talent - \$325,000.



Agency Key Performance Metrics

Metric		Goal	FY 20 Actuals	FY 21 Actuals	FY 22 Target	FY 23 Target
1	Motor Vehicle Renewals	Increase annual motor vehicle license tag renewals for increased state revenue.	304,389	396,715	456,222	501,844
2	Annual Income Tax Filing Rate	Increase individual income tax filing to maximize state revenue.	1,829,882	2,084,607	2,147,145	2,211,559
3	Annual Business Tax Filing Rate	Increase business tax filing to maximize state revenue.	231,931	238,495	243,265	248,130
4	Audit Value of Assessment	Increase state revenue through improved tax filing compliance rates through taxpayer education, the audit process and voluntary disclosure agreements or, self-reporting.	\$115,129,452	\$112,306,288	\$135,525,941	\$163,609,460
5	Return Processing Time	Decrease return processing time by increasing online return filing through simplification of the filing process for taxpayers.	20.09 days	16.14 days	16.00 days	15.75 days



Budget & Supplemental Request Summary

Request Name		FY 23 Appropriated Request Amount (\$)	Type of Request: Operating, One-time, or Supplemental
1	Reimbursement of funds to support statewide REAL ID initiative.	\$4M	One-Time
2			
3			
4			
5			



(1) Budget Request

One-Time Reimbursement

Type: One-Time

\$ 4,000,000 for FY 2023

Reimbursement of funds to support statewide REAL ID initiative.

** Duplicate these slides as needed to describe all requests.*

