

**FY 2026 Budget Performance Review
695-Tax Commission**

Version Revision 01

Date submitted

12/2/2024

Lead Administrator:

Lead Financial Officer:

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

Headquarters is comprised of three commissioners who are appointed by the governor and confirmed by the senate, four administrative law judges who preside over administrative proceedings relating to state tax issues, and internal auditors who provide an independent and objective appraisal of the adequacy and effectiveness of the OTC's internal controls and assists management in identifying and mitigating risks. Administration is responsible for guiding the fair administration of Oklahoma state tax services, directing day-to-day operations with fiscal foresight and prudence, and steering agency culture and reputation.

Innovation

Responsible for evaluating the agency's operations including internal structure, aligning business processes with agency strategic goals, information technology infrastructure and developing methods for improvements. The focus is to streamline operations, enhance the customer experience and increase revenue.

Learning & Development

Responsible for enhancing the knowledge, skills, and abilities of employees in each OTC division.

Business Tax Services

Addresses the complete life cycle of a business including registration, permitting, filing and paying business taxes and business closure.

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.

Income Tax Accounts

Responsible for individual and corporate income tax return and payment processing, fraud prevention, tax warrant file and release, and preparing and presenting tax waivers requests.

Taxpayer Resources

Assists taxpayers through various delivery methods to include onsite services, a call center, and email communications.

Ad Valorem Programs

Provides administrative oversight of the property tax system in Oklahoma. Annually appraises all railroad, airline and public property and apportions valuations to county taxing jurisdictions. Audits county assessment levels of residential, commercial and agricultural properties, as well as county assessor administrative and technical efforts in order to maintain fair evaluation statewide. Reports valuations and audit findings to the State Board of Equalization (SBOE).

Central Processing

Responsible for printing and mailing taxpayer correspondence as well as printing any special requests for divisions. Picks up and processes all mail at the United States Postal Service (USPS). Reconciles all payments and returns processed and posted to taxpayer accounts.

Tax Policy and Research

Serves as the legislative services arm of the OTC by working with and responding to requests from the governor's office (generally through the Office of Management and Enterprise Services (OMES) and members of the Oklahoma State Senate and the Oklahoma House of Representatives. Provides OMES with estimates of future expected revenues that supply the General Revenue Fund based on statistical and mathematical models generated within the OTC and by contracting with outside entities.

Business Operations

Works with divisions to prepare and implement financial budget. Oversees physical assets and procures goods and services for the agency. Works with Human Resources to maintain payroll information and calculate payroll and benefits for OTC employees. Collects payments from walk-in taxpayers and administers other agency-related financial transactions. Responsible for the monthly apportionment of the collections of more than 76 tax types.

Human Resources

Responsible for overseeing employee relations, promoting workplace culture, policy management and agency structure. Manages the employee life-cycle from recruitment to retirement or termination including onboarding, benefits, leave management, discipline, grievances, compensation, workplace safety and personnel transactions.

Legal Services

Oversees legal services provided by attorneys employed by the agency. Evaluates complex tax issues, provides representation and advises all divisions of the agency for protests/litigation, collections, bankruptcy and general legal administration. Analyzes complex factual and legal issues mainly related to the Oklahoma Tax Code and assists in the preparation of legal opinions, memorandums of fact and law and other legal documents. Assists in the development, preparation and presentation of cases before administrative, state, federal and appellate courts.

Audit Services/Collections

Responsible for the operation and management of the tax audit programs within the OTC that cover business, excise, income, and severance tax types.

Information Technology

Responsible for supervising and directing developers assigned to the Tax Applications and OneLink Tax production support groups. Manages the development and maintenance of mission critical systems that support the imaging, data capture and posting of taxpayer returns and payments through an integrated solution that includes custom developed application code, the OneLink systems, Gross Production system and third party vendor applications (Laserfiche image repository, IBML scanners, MoveIt file transfer software, Fairfax data capture software and the external Gross Production reporting system hosted by Oklahoma Interactive). Responsible for ensuring the OTC complies with Internal Revenue Service (IRS) requirements surrounding Federal Taxpayer Information (FTI) and that best practices are utilized to maintain data and system security.

FY25 Budgeted Department Funding By Source							
Dept. #	Department Name	Appropriations	Federal	Revolving	Local ¹	Other ²	Total
0100001	Headquarters	\$3,070,671		\$174,980			\$3,245,651
0100002	Administration	\$1,271,782		\$2,389,919			\$3,661,701
0100003	Innovation	\$1,792,486		\$286,403			\$2,078,889
0100004	Learning & Development	\$0		\$1,214,749			\$1,214,749
0200001	Business Tax Services	\$5,980,795		\$204,935			\$6,185,730
0200003	Digital Communications & Marketing	\$0		\$917,179			\$917,179
0200004	Income Tax Accounts	\$6,175,827		\$839,787			\$7,015,614
0200005	Taxpayer Resources	\$5,406,521		\$92,482			\$5,499,003
0300001	Ad Valorem	\$3,123,308		\$388,340		\$44,966,130	\$48,477,778
0500002	Central Processing	\$3,204,885		\$2,468,176			\$5,673,061
0600001	Tax Policy	\$0		\$1,670,800			\$1,670,800
0800001	Business Operations	\$2,795,902		\$1,055,766		\$50,000,000	\$53,851,668
0800002	Human Resources	\$2,352,240		\$114,359			\$2,466,599
1100001	Legal	\$0		\$5,810,950			\$5,810,950
1200001	Audit Services	\$0		\$6,133,919		\$14,171,897	\$20,305,816
1200003	Collections	\$0		\$18,044,560			\$18,044,560
1500001	Film Rebate	\$0		\$0		\$38,000,000	\$38,000,000
8800008	Information Technology	\$0		\$23,019,539			\$23,019,539
							\$0
Total		\$35,174,417	\$0	\$64,826,843	\$0	\$147,138,027	\$247,139,287

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:

Balances of Appropriated Funds from Prior Fiscal Years							
3-digit Class Fund #	Class Fund Name	GA Bill # and Section #	Fiscal Year of Original Appropriation	Original Appropriation Amount (\$)	Total Expended Amount as of 8/31/2024 (\$)	Balance as of 8/31/2024 (\$)	
194	General Revenue Fund	HB1004, Sec 41	FY24	\$37,174,417	\$32,347,666	\$4,826,751	
						\$0	
						\$0	
						\$0	
						\$0	
Total remaining prior year appropriation balance:						\$4,826,751	

Report appropriations that have existing balances from all prior fiscal years at the 3-digit class fund number (i.e. 193, 194). Do not report carryover class funds separately. Include appropriations located in disbursing funds. Report PREP, but not ARPA/SRF, appropriations.

What changes did the agency make between FY'24 and FY'25?

- 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 FY25.
- 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.

Appropriation Increase Review					
Appropriation Increase Purpose	Appropriation Increases (Additional to Agency Base Appropriation)			Expenditures	
	FY 2023	FY 2024	Total Amount Received FY 2023-2024	Total Expenditure of Increase as of 6/30/2024	If funds have not been spent, please explain why.
DPS reimbursement	\$4,000,000		\$4,000,000	\$4,000,000	
			\$0		
			\$0		
			\$0		
			\$0		
			\$0		
Total:	\$4,000,000	\$0	\$4,000,000	\$4,000,000	

List appropriation increases that the agency has received in the prior two years. List amounts received in each year. Include PREP, but not ARPA/SRF, appropriations.

FY'26 Requested Funding By Department and Source							
Dept. #	Department Name	Appropriations	Federal	Revolving	Other ¹	Total	% Change
0100001	Headquarters	\$2,983,373	\$0	\$174,980	\$0	\$3,158,353	-2.69%
0100002	Administration	\$1,235,626	\$0	\$2,389,919	\$0	\$3,625,545	-0.99%
0100003	Innovation	\$1,741,526	\$0	\$286,403	\$0	\$2,027,929	-2.45%
0100004	Learning & Development	\$0	\$0	\$1,214,749	\$0	\$1,214,749	0.00%
0200001	Business Tax Services	\$5,810,762	\$0	\$204,935	\$0	\$6,015,697	-2.75%
0200003	Digital Communications & Marketing	\$0	\$0	\$917,179	\$0	\$917,179	0.00%
0200004	Income Tax Accounts	\$6,000,250	\$0	\$839,787	\$0	\$6,840,037	-2.50%
0200005	Taxpayer Resources	\$5,252,815	\$0	\$92,482	\$0	\$5,345,297	-2.80%
0300001	Ad Valorem	\$3,034,513	\$0	\$388,340	\$44,966,130	\$48,388,983	-0.18%
0500002	Central Processing	\$3,113,771	\$0	\$2,468,176	\$0	\$5,581,947	-1.61%
0600001	Tax Policy	\$0	\$0	\$1,670,800	\$0	\$1,670,800	0.00%
0800001	Business Operations	\$2,716,415	\$0	\$1,055,766	\$50,000,000	\$53,772,181	-0.15%
0800002	Human Resources	\$2,285,366	\$0	\$114,359	\$0	\$2,399,725	-2.71%
1100001	Legal	\$0	\$0	\$5,810,950	\$0	\$5,810,950	0.00%
1200001	Audit Services	\$0	\$0	\$6,133,919	\$14,171,897	\$20,305,816	0.00%
1200003	Collections	\$0	\$0	\$18,044,560	\$0	\$18,044,560	0.00%
1500001	Film Rebate	\$0	\$0	\$0	\$38,000,000	\$38,000,000	0.00%
8800008	Information Technology	\$0	\$0	\$23,019,539	\$0	\$23,019,539	0.00%
Total		\$34,174,417	\$0	\$64,826,843	\$147,138,027	\$246,139,287	-0.40%

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

FY'26 Top Five Operational Appropriated Funding Increase Requests			
Request by Priority	Request Description	Is this a Supplemental Request? (Yes/No)	Appropriation Request Increase Amount (\$)
Request 1:	No new funding requests.		
Request 2:			
Request 3:			
Request 4:			
Request 5:			
Top Five Request Subtotal:			\$0
Total Increase above FY-25 Budget (including all requests)			
Difference between Top Five requests and total requests:			\$0

What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?		
Description of requested increase in order of priority	Needed State Funding for Project (\$)	Submitted to LRCPC or OCAMP? (Yes/No)
Priority 1		
Priority 2		
Priority 3		

List any requests for new construction from the Legacy Capital Fund

Description of requested increase in order of priority	Needed State Funding for Project (\$)	Submitted to LRCPC? (Yes/No)
Priority 1		
Priority 2		
Priority 3		

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 '26 as was received in FY '25? (Flat/ 0% change)
 No affect.

How would the agency handle a 2% appropriation reduction in FY '26?
 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 '26?

Description of requested increase in order of priority	Fee Increase Request (\$)	Statutory change required? (Yes/No)
Increase 1		
Increase 2		
Increase 3		

Federal Funds

CFDA	Federal Program Name	Agency Dept. #	FY 25 budget (\$)	FY 24 actuals (\$)	FY 23 actuals (\$)	FY 22 actuals (\$)	FY 24 budgeted FTE (#)
97.067	Homeland Security Grant Program	0100002			14,000		

Federal Government Impact

1.) How much federal money received by the agency is tied to a mandate by the Federal Government?
 N/A

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?
 N/A

FY 2025 Budgeted FTE

Division #	Division Name	Supervisors	Non-Supervisors	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$100K	\$100K+
0100001	Headquarters	6.0	14.0	0.0	7.0	2.0	11.0
0100002	Administration	5.0	0.0	0.0	0.0	1.0	4.0
0100003	Innovation	4.0	13.0	0.0	9.0	7.0	1.0
0100004	Learning & Development	1.0	10.0	0.0	7.0	3.0	1.0
0200001	Business Tax Services	10.0	55.0	0.0	61.0	3.0	1.0
0200003	Digital Communications & Marketing	1.0	7.0	0.0	6.0	1.0	1.0
0200004	Income Tax Accounts	12.0	55.0	0.0	64.0	2.0	1.0
0200005	Taxpayer Resources	11.0	52.0	0.0	59.0	3.0	1.0
0300001	Ad Valorem	11.0	19.0	0.0	24.0	5.0	1.0
0500002	Central Processing	8.0	29.0	0.0	34.0	2.0	1.0
0600001	Tax Policy	3.0	8.0	2.0	2.0	5.0	2.0
0800001	Business Operations	8.0	19.0	0.0	19.0	6.0	2.0

0800002	Human Resources	3.0	20.0	0.0	16.0	6.0	1.0
1100001	Legal	7.0	29.0	0.0	16.0	11.0	9.0
1200001	Audit Services	21.0	64.0	0.0	78.0	6.0	1.0
1200003	Collections	20.0	64.0	0.0	80.0	3.0	1.0
8800008	Information Technology	8.0	31.0	0.0	31.0	8.0	0.0
Total		139	489	2	513	74	39

FTE History by Fiscal Year							
Division #	Division Name	FY 2025 Budgeted	FY 2025 YTD	FY 2024	FY 2023	FY 2022	FY 2016
0100001	Headquarters	20.0	19.0	19.0	20.5	16.0	16.0
0100002	Administration	5.0	5.0	6.0	6.0	8.0	6.0
0100003	Innovation	17.0	11.0	14.0	7.0	7.0	0.0
0100004	Learning & Development	11.0	11.0	0.0	0.0	0.0	0.0
0200001	Business Tax Services	65.0	61.0	67.0	49.0	50.0	69.0
0200003	Digital Communications & Marketing	8.0	7.0	8.0	8.0	9.0	10.0
0200004	Income Tax Accounts	67.0	64.0	64.0	60.0	57.0	70.0
0200005	Taxpayer Resources	63.0	41.0	51.0	40.0	30.0	0.0
0300001	Ad Valorem	30.0	30.0	27.0	28.0	29.0	30.0
0500002	Central Processing	37.0	33.0	48.0	43.0	42.0	37.0
0600001	Tax Policy	11.0	10.0	13.0	12.0	12.0	14.0
0800001	Business Operations	27.0	24.0	24.0	25.0	35.0	39.0
0800002	Human Resources	23.0	18.0	24.0	19.5	8.0	5.0
0800003	Revenue & Apportionment (now part of 0801 BOP)	0.0	0.0	3.0	3.0	3.0	0.0
1100001	Legal	36.0	32.0	36.0	36.0	32.0	29.0
1200001	Audit Services	85.0	83.0	85.0	117.0	127.0	241.0
1200003	Collections	84.0	75.0	80.0	80.0	92.0	0.0
8800008	Information Technology	39.0	30.0	39.0	48.0	49.0	54.0
1300001	Motor Vehicle (moved to SOK)	0.0	0.0	0.0	75.0	71.0	80.0
Total		628.0	554.0	608.0	677.0	677.0	700.0

Performance Measure Review					
	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Central Processing					
Avg. Days Process Non-Peak Refund	6	6	6	6	6
Avg. Days Process Non-Peak, Suspended Refund	32	22	16	26	23
Avg. Days for Peak Refund Processed	6	5	6	8	6
Avg. Days for Peak Suspended Processed	51	31	22	50	47
Taxpayer Services					
Internet Filing Participants	1,811,797	1,804,647	1,777,283	1,924,361	1,592,136
Electronic Filing Participants	1,012,259	1,010,236	980,626	1,058,315	892,225
Direct Deposit Participants	1,031,042	1,016,076	1,020,344	1,067,954	879,740
% of Business E-Filing	92%	90%	85%	80%	74%
Compliance					
Sales & Use Tax Field/Office Audits	1,853	1,720	2,328	1,491	975
Withholding Tax Field/Office Audits	1,370	1,243	1,457	993	647
Motor Vehicle					
Additional & Delinquent Fees	N/A	N/A	1,281	1,638	1,346
Total Registrations Processed (in millions)	N/A	N/A	4.5	4	5
Vehicle Title Transactions (in millions)	N/A	N/A	1.5	2	2

Revolving Funds (200 Series Funds)			
	FY'22-24 Avg. Revenues	FY'22-24 Avg. Expenditures	June '24 Balance
Fund 200 - Oklahoma Tax Commission Revolving Fund			
Provides resources for general operation of the agency	\$40,823,332	\$28,169,007	\$53,007,914
Fund 210 - OTC & OMES Joint Computer Enhancement Fund			
Joint effort between the Tax Commission and OMES for IT related acquisitions	\$16,587,051	\$10,107,469	\$8,149,295
Fund 215 - Oklahoma Tax Commission Reimbursement Fund			
Funds received by the OTC for data processing services or equipment rental and any miscellaneous funds received by the Commission	\$13,828,390	\$8,947,851	\$25,529,894
Fund 220 - License Plate Special Program			
Provides financial assistance to a state agency chosen by the applicant for a special license plate	\$86,940	\$105,640	\$0
Fund 230 - Used Tire Recycling Indemnity Fund			

Funds the provision to the Oklahoma Used Tire Recycling Act	\$13,691,960	\$13,507,977	\$530,812
Fund 236 - The Perform Fund			
Funds the investment rebate provision of the Perform Act administered by the Oklahoma Department of Commerce and the Tax Commission	\$60,000,000	\$0	\$180,000,000
Fund 240 - County Government Education - Technical Revolving Fund			
Funds the OSU Center for Local Government Technology and the Oklahoma Cooperative Extension Service Country Training Program for the purposes of education, training, etc.	\$764,161	\$74,197	\$0
Fund 245 - Capital Account Revolving Fund			
Maintain the value of purchased property of the Strata Tower at Oklahoma Commons	\$853,882	\$426,633	\$4,126,085
Fund 250 - Oklahoma Film Enhancement Fund			
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	\$14,314,462	\$596,781
Fund 260 - Filmed in Oklahoma Program Revolving Fund			
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	\$30,000,000	\$11,737,797	\$54,786,609
Fund 265 - Emission Reduction Technology Incentive Rev Fund			
Provides a rebate in the amount of up to 25% of documented expenditures made in Oklahoma directly attributable to the implementation of a qualified Emission Reduction Project.	\$0	\$0	\$0
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	\$50,034,723	\$137,162,448	\$5,658,000

FY 2025 Current Employee Telework Summary

List each agency physical location (not division), 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 (headcount), not budgeted or actual FTE.

Agency Location / Address	City	County	Full-time and Part-time Employees (#)			Total Employees
			Onsite (5 days onsite, rarely remote)	Hybrid (2-4 days onsite weekly)	Remote (1 day or less weekly onsite)	
Strata Tower	Oklahoma City	Oklahoma	46	357	92	495
511 NE 31st Street	Oklahoma City	Oklahoma	4			4
300 N. Broadway	Oklahoma City	Oklahoma	21	23		44
201 W. 5th Street, Suite 400	Tulsa	Tulsa		6		6
3700 N. Classen, Suite 260	Oklahoma City	Oklahoma	2	3	4	9
						0
						0
						0
						0
						0
						0
						0
						0
						0
Total Agency Employees						558

*4 teleworking FTE discrepancy to FTE history due to timing difference