



Iowa Department of
REVENUE

IDR PERFORMANCE REPORT

For

Fiscal Year 2013

Courtney M. Kay-Decker

Director

AGENCY OVERVIEW

Mission

The mission of the Iowa Department of Revenue, as established by Iowa Code Section 421.2, is to serve Iowans and to support government services in Iowa by collecting all taxes required by law, but no more.

Taxes Established by Iowa Code

The taxes and fees administered by the Department include:

Individual Income Tax/Withholding	Consumer's Use Tax	Motor 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
Motor Vehicle Registration Fee	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

The core functions of the Iowa Department of Revenue consist of the following:

TAX COMPLIANCE AND REVENUE COLLECTION functions are the most visible portion of our operations. This function includes 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 the Department conducts its taxpayer examination and audit programs, and resolves disputed tax issues.

LOCAL GOVERNMENT ASSISTANCE provides resources and education to cities and counties. This function is responsible for administering just and uniform property assessments across the state. It also administers programs for property tax relief, local option sales tax, and school infrastructure sales tax.

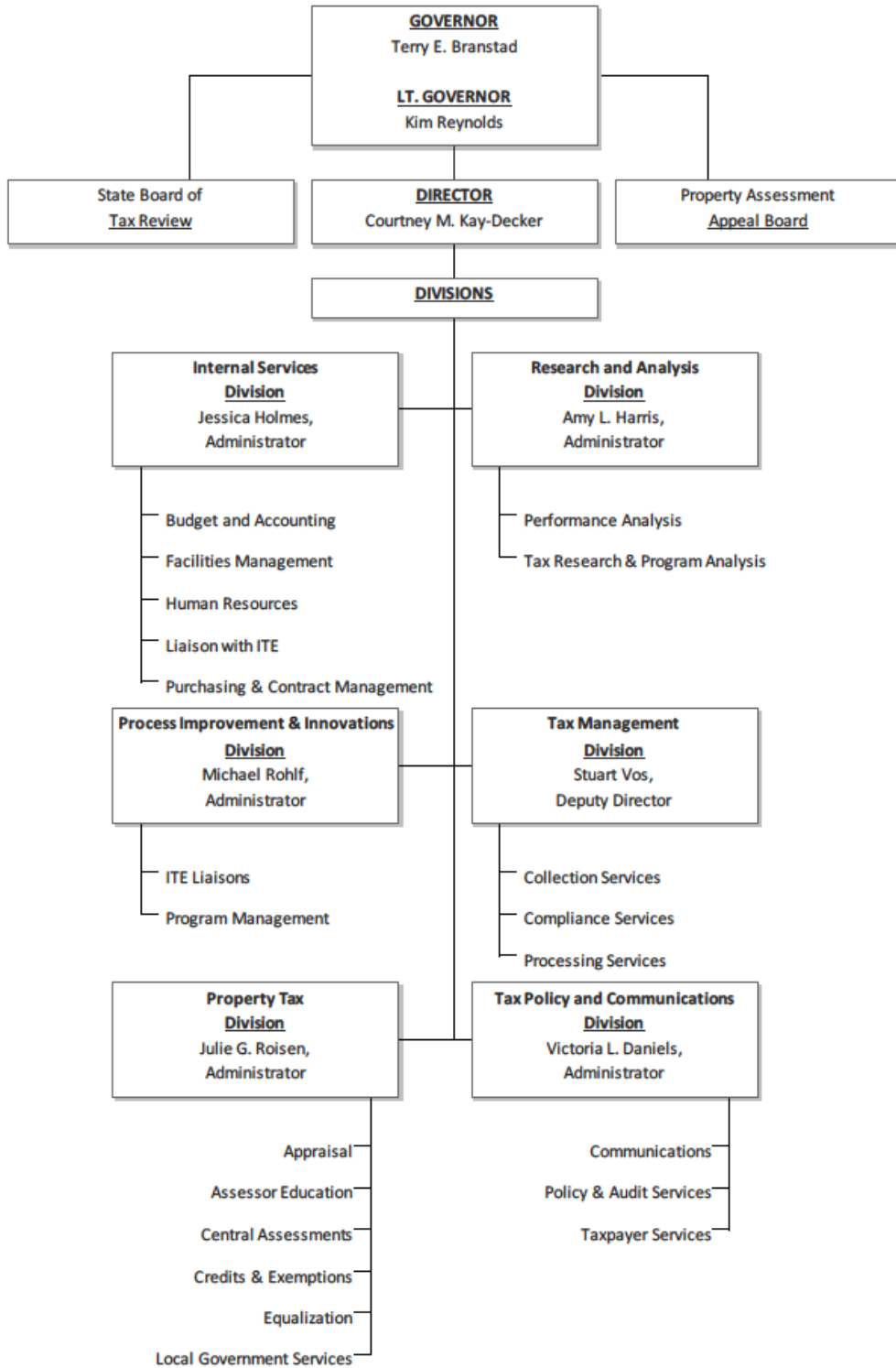
RESEARCH, ANALYSIS, AND INFORMATION MANAGEMENT provides tax policy development and analysis, fiscal impact estimation, and economic and statistical research and analysis to help customers, stakeholders, and policymakers make informed decisions.

RESOURCE MANAGEMENT provides internal infrastructure support of the Department’s operations, including technology development and support, personnel management, and budgeting.

Department Operational Units

The organization is structured into six operational units. The following chart is an overview of the Department’s primary organizational entities and services provided.

IOWA DEPARTMENT OF REVENUE



Customers

The Department'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, the Department deals with all levels of state, local and federal governments, tax practitioners, business groups, state employees, the legislature, and other states' revenue agencies.

The Department 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, and that an audit billing is accurate and understandable, among other things.

Each customer expects information and products to be disseminated timely, accurately, and clearly. This expectation holds true for both external inquiries and for products generated by the Department.

Staff

The Director of the Iowa Department of Revenue is Courtney M. Kay-Decker. She was appointed by Governor Branstad in January 2011. As of June 30, 2013, there were 277 full-time employees working for the Department. There were five employees in our Sioux City field office and eight employees worked at our Cedar Rapids office. There were 42 teleworkers and the remaining 222 employees were domiciled in Des Moines.

All contract-covered job classifications in this Department fall under the AFSCME bargaining agreement. The Department Director is a position appointed by the governor.

Goals, Measures and Results

In our Strategic Plan, we identified three goals, and a number of strategies to achieve those goals. This Performance Plan summarizes our tactical steps toward achieving those goals. In the pages that follow, we highlight six noteworthy achievements. Thereafter, we have summarized the results of each of the measures identified in our Fiscal Year 2013 Performance Plan.

KEY RESULT

Core Function: Revenue Collections and Compliance

Goal: Provide a consistent, fair, and professional program of collections services.

Description: The Department of Revenue collects delinquent tax debt and also provides collection services to the Iowa Judicial Branch, Department of Human Services, and Department of Natural Resources. The Collection Enterprise is self-supporting.

Why we are doing this: To provide quality, efficient, and competitive collection services.

What we are doing to achieve results: The Collection Services area of the Tax Management Division completed a major upgrade to its collection software and coordinated that effort with a business process reengineering designed to maximize the effectiveness of the new software, and utilize nationally recognized best practices.

Results

Performance Measure:

Cost to Collect

Performance Target:

Ratio of Cost to Collections will be 10% or lower.

What was Achieved:

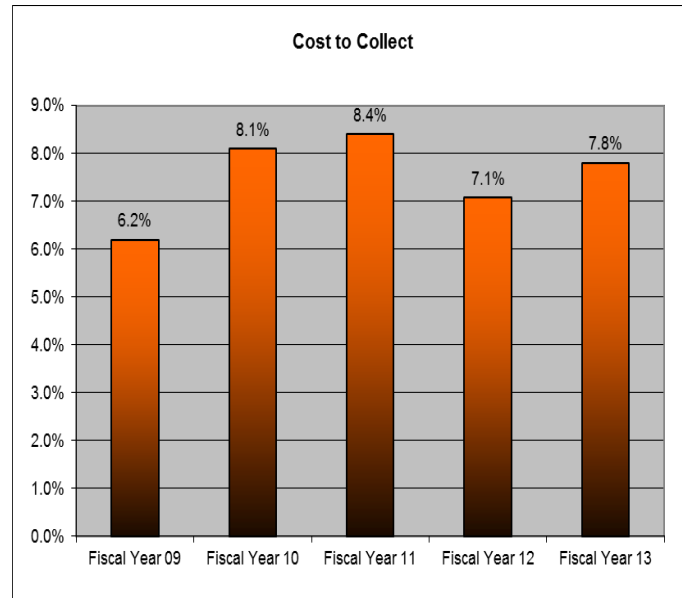
The Ratio of Cost to Collections for Fiscal Year 2013 was 7.8%, an increase of 0.7% compared to Fiscal Year 2012.

Data Sources:

Collections Annual Report.

Resources:

Cost to collect includes all units of the Collections Services area.



KEY RESULT

Core Function: Revenue Collections and Compliance

Goal: We will improve our methods of processing tax returns, payments, and managing tax revenues so that these transactions will be timely, accurate, and cost effective.

Description: Percent of Dollars Deposited on the Same Day as Receipt.

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.

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. The Department also provides easy access for electronic deposit for business taxes. Eighty-four percent (84%) of dollars received are deposited the same day. Most of the remaining 16% is deposited the day after receipt, and 99.9% were deposited within 14 days. These generally consist of paper checks that must be manually separated from a return.

Results

Performance Measure:

Percent of dollars deposited on the same day as received.

Performance Target:

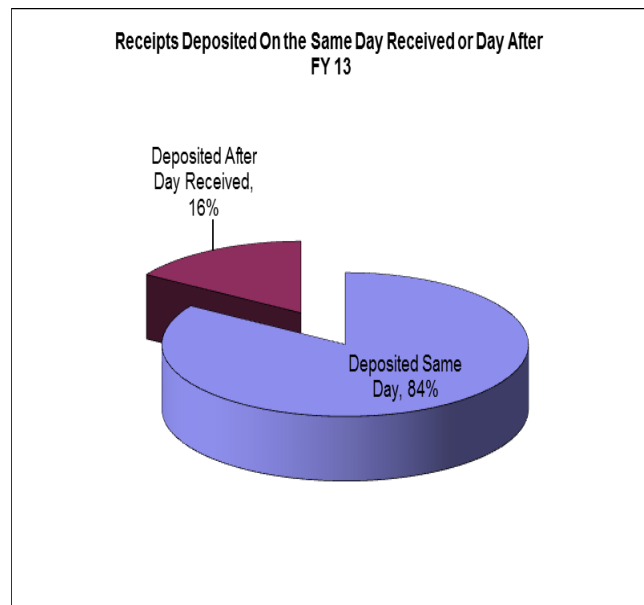
85% of dollars received will be deposited on the same day as received.

What was Achieved:

84% of dollars received by the Department were deposited on the same day as receipt.

Data Sources:

Tax Management Division reports and information systems.



KEY RESULT

Core Function: Revenue Collections and Compliance

Goal: We will create an environment of collaboration and partnership in order to improve voluntary compliance with Iowa's tax system.

Description: The Compliance Services area of the Tax Management Division reviews returns covering fourteen major taxes established by Iowa law. These sections determine unpaid tax liabilities and bill for the correct amount of tax. The staff tries to make audits both educational and informative to avoid the need for future audits of the same taxpayer.

Why are we doing this: To encourage voluntary compliance with Iowa's tax system.

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

Results

Performance Measure:

Total Revenue Collected per Dollar Spent.

Performance Target:

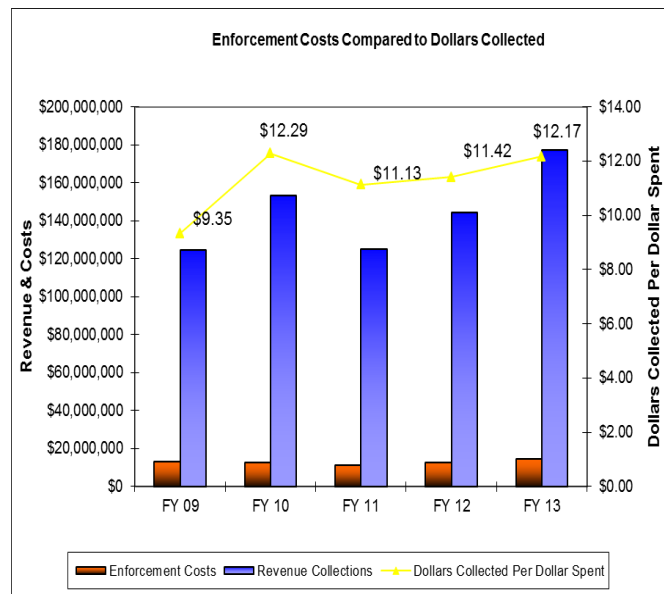
Collect \$9 for every dollar spent on enforcement.

What was Achieved:

In Fiscal Year 2013 the Department collected \$12.17 for every dollar spent on enforcement.

Data Sources:

Compliance Division Return on Investment and Cost Benefits Reports and Business Objects query tools.



KEY RESULT

Core Function: Resource Management

Goal: We will improve our methods of processing tax returns, payments, and managing tax revenues so that these transactions will be timely, accurate, and cost effective.

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

Why we are doing this: Electronic filing of tax returns is viewed by the Department as an effective way to improve the performance efficiency of the Department, while providing our customers with a more accurate way to file their tax returns. 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: The Department offers access to electronic filing of individual income tax return software as well as access to free filing web sites. The software located on our web site has been monitored to assure that it is compatible with our tax forms and systems. In addition, the Department has worked to promote electronic filing to the general public and several 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:

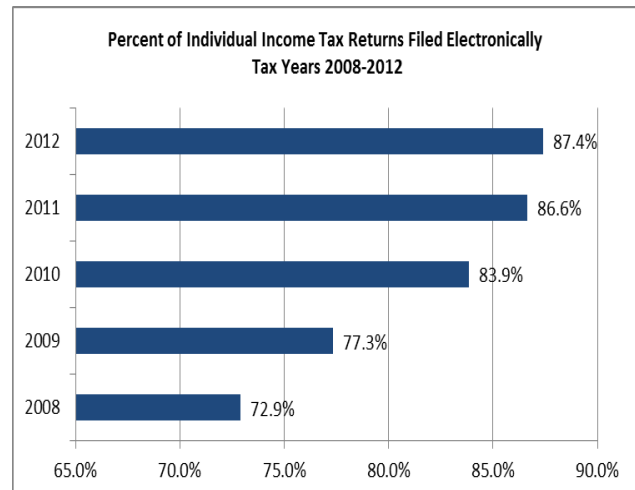
88% of tax year 2013 returns will be filed electronically.

What was Achieved:

The Department received 87.4% of individual income tax returns electronically.

Data Sources:

Department of Revenue information systems.



KEY RESULT

Core Function: Resource Management

Goal: We will improve our methods of processing tax returns, payments, and managing tax revenues so that these transactions will be timely, accurate, and cost effective.

Description: The Department of Revenue receives and processes over 1.5 million individual income tax returns each year. Some taxpayers must pay additional tax when filing their returns. However, a majority of taxpayers are entitled to refunds. The Department recognizes that taxpayers entitled to refunds prefer having their payments in a timely manner.

Why we are doing this: To serve the taxpayers of Iowa by processing tax information so that refunds are issued in a timely manner.

What we are doing to achieve results: The Department has two key information systems for processing individual income tax returns. One system is used to process returns filed on paper documents. The other system is for processing electronically-filed returns. The Department monitors the processing efficiency and turn-around time for both systems, and continues to promote the quick refund turnaround time as a benefit to taxpayers who file returns electronically. Ninety-six percent of electronic refunds are issued in 14 days. These remaining four percent are returns that must go to income resolution for review of errors.

Results

Performance Measure:

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

Performance Target:

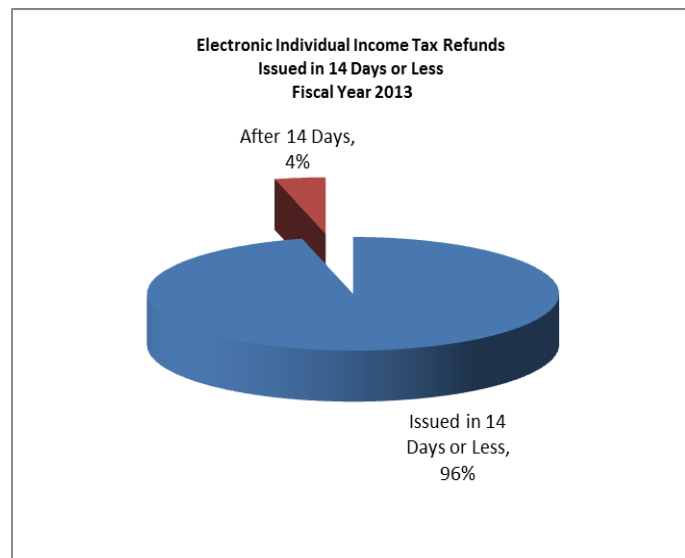
96% of refunds issued in 14 days.

What was Achieved:

96% of electronic refunds were issued in 14 days or less.

Data Sources:

Department of Revenue information systems.



KEY RESULT

Core Function: Resource Management

Goal: We will improve our methods of processing tax returns, payments, and managing tax revenues so that these transactions will be timely, accurate, and cost effective.

Description: Customer satisfaction with online systems.

Why we are doing this: Taxpayers want to conduct business with the Department at their convenience. They also want their returns and refunds processed quickly and cost-effectively. Online services are intended to fulfill these needs.

What we are doing to achieve results: Electronic filing for individual income tax returns and business taxes is offered 24 hours a day. The Department continues to devote resources to add and improve e-commerce options.

Results

Performance Measure:

How satisfied are taxpayers with our electronic services?

Performance Target:

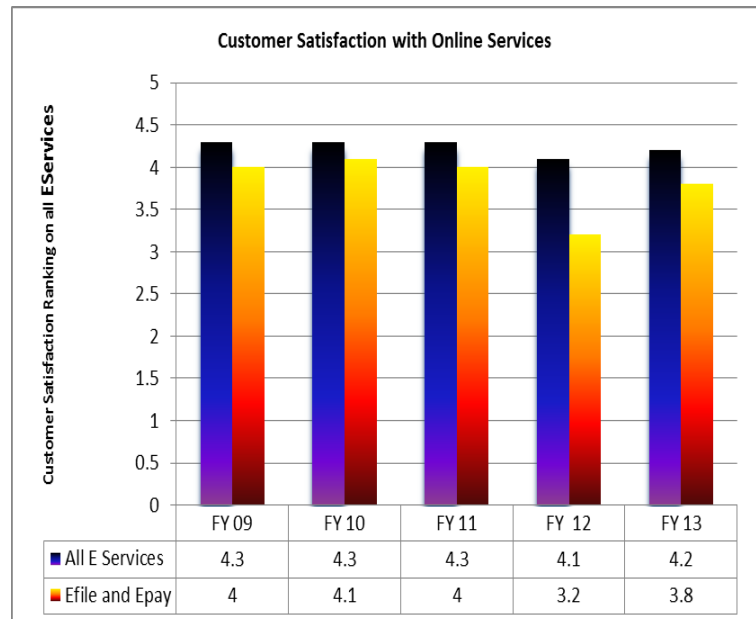
An average score of 4 or better on The Department's customer satisfaction survey (survey scale 1 – 5).

What was Achieved:

The Department scored 4.2 on all online services provided in Fiscal Year 2013.

Data Sources:

Iowa Department of Revenue Research and Analysis Division analysis of customer surveys.



**Agency Performance Report
FISCAL YEAR 2013**

Name of Agency: Iowa Department of Revenue

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

Core Function: Local Government Assistance

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Equalization:			
1. Percent of jurisdictions within statutory assessment level tolerance.			
Agricultural	75%	75%	
Residential	75%	75%	
Commercial	75%	75%	
2. Monitor assessing offices in regard to implementation of 2008 Iowa manual.	100%	95%	Continue to review status.
3. Provide commercial appraisal services in 2/3 of the state.	Completion of 12 appraisals in all counties with less than 10 sales for commercial property.	35%	Appraisal services for 1/3 of the state were performed at this time.
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Property Assessment Review Database:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Appraisals:			
3. Percentage of appraisals completed in a timely manner.	100% by 01/01/2013 (576).	100%	

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Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Data Management:			
1. Automate the collection of information from counties into a database.	75% automated by 06/30/2013.	0%	Resource issues have prevented this from happening.
2. Electronic DOV (e-DOV)	100% e-DOV implementation by 12/31/2012.	25%	A new DOV form was promulgated and distributed to the general public in January 2012. The e-DOV project was completely revamped and a new database has been constructed. Testing of the electronic processing for e-DOV was to have begun in September 2012. Resource constraints impacted the ability to test and move forward with electronic processing. Testing of the electronic processing for e-DOV has begun at the end of September 2013.
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Assessor Education:			
1. Number of assessment officials requiring continuing education.	100% notification (214) by 08/31/2012 and 01/31/2013.	100%	
2. Notify assessors of need for continuing education.	Notify by 11/31/2012 - 05/09/2013.	100%	

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Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Credits/Exemptions, Transfer Tax:			
1. Percentage of timely responses.	Oral response <=2 working days Written Response<=5 Days.	0%	With the retirement of key personnel, duties and responsibilities for credits/exemptions and transfer tax have been reassigned. During this period the research time for accurate responses has been increased and the response time is greater than the goals originally set. This will continue for the foreseeable future while existing staff gains appropriate level of knowledge and expertise.
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Central Assessments:			
1. Number of utility and railroad assessments completed.	273	273	100% of Targets met.
2. Number of replacement tax assessments completed.	189	189	100% of Targets met.
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Local Option Sales Taxes			
1. Percent of local option sales tax and SAVE distributed timely each year	95%	95%	

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Core Function: Local Government Assistance

Performance Measure			
Property Assessment Appeal Board:	Performance Target	Performance Actual	Performance Comments & Analysis
1. Number of protests from Board of Review	350 protests in reassessment years and 50 protests in non-reassessments years.	818	
2. Processing time for appeal process.	90% of decisions prior to properties' second delinquency date.	93%	On track to make 93% prior to properties second delinquency date.

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Core Function: Resource Management

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Process Improvement			
1. Percent of utilization of electronic filing program for individual income tax.	88%	87%	
2. Percent of utilization of the Iowa e-file services system (withholding/sales-returns).	98%	98%	
3. Percent of utilization of the Iowa e-file services system (withholding/sales-transactions).	70%	77%	
4. Percent of online system work time availability (IRIS, network, e-file).	99%	99%	
5. Percent of time CACS-G available for work.	95%	98%	

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Core Function: Resource Management

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Internal Services Division			
1. New Employee Orientation	100% of new employees will take orientation class within six months of hire.	100%	
	Train All Employees in Soft Skills-100%.	100%	
	Provide technical training for employees-100%.	100%	

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Core Function: Revenue Collections and Compliance

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Revenue Collections and Compliance			
1. Percent of tax revenues received by electronic transfer.	79%	74%	
2. Percent of paper filed individual income tax refunds issued within 60 days.	90%	94%	
3. Percent of electronic filed individual income tax refunds issued within 14 days	95%	96%	
4. Percent of billed accounts resolved within 180 days.	70%	42%	This performance target needs to be updated. New efforts to resolve accounts prior to beginning the 180 day period has made resolution of remaining accounts more difficult.
5. Ratio of costs to collections	10% or <	7.8%	
6. Dollars collected per audit enforcement dollar expended.	\$9.00	\$12.17	
7. Percentage of tax known due collected.	95%	99%	
8. Percent of income tax returns requiring review worked within 60 days of starting the review process	70%	81%	

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Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Processing Services			
1. Percent of dollars deposited same day as receipt.	85%	84%	
2. Percent of paper income tax returns imaged.	100%	100%	
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Collections Services			
1. Percent of net debt collected within 90 days	40%	29%	Multiple factors impacted debt collections in FY 13. Such as staffing reductions, a shift of billings into FY 13 which historically would have been billed in FY 14. The decrease in debt collected in FY 13 will not impact future fiscal years.
2. Dollars of debt collected within 90 days.	\$50,000,000	\$56,877,171	
3. Percent of net debt collected within 210 days	50%	45%	
4. Dollars of debt collected within 210 days	\$60,000,000	\$87,875,539	
5. Dollars recovered for clients	\$50,000,000	\$32,232,104	

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Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Collections Services			
6. Percent of net debt collected within 365 days	60%	57%	
7. Dollars of debt collected within 365 days	\$75,000,000	\$109,837,147	
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Examination Services			
1. Percent of revenue established collected.	40%	57%	
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Instate Field Audit			
1. Percent of revenue established collected.	67%	37%	
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Investigative Audit			
1. Percent of revenue established collected.	67%	69%	

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Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Tax Gap Programs			
1. Percent of revenue established collected.	20%	38%	
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Policy and Communications			
1. Percent of protests resolved within 12 months.	60%	47%	
2. Number of tweets and number of recipients.	750 tweets and 8,750 recipients	797 tweets and 56,224 recipients.	
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Taxpayer Services			
4. Percent of Taxpayer Services Calls Dropped	8% or <	9.1%	
5. Percent of Taxpayer Services calls answered in one minute	65% or >	72.6%	In Fiscal Year 2011 there were 15 FTEs on the Taxpayer Services team answering calls during the peak season. In Fiscal Year 2012 staff was reduced to 6 people on the phone and 2 people dedicated to email responses. In Fiscal Year 2013 staff was increased to 13 Taxpayer Services Specialists answering phone calls and 2 people dedicated to email responses.
6. Percent of Taxpayer Services emails answered in one business day	90%	99.8%	

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Core Function: Tax Research and Program Analysis

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Tax Research and Program Analysis			
1. Statistical Reports completed timely	Individual March & May, Sales Tax Quarterly & Annual.	100%	Timely release allowed the Department of Education and school districts to prepare budgets and apply for federal grant money.
2. Receipts and Refunds Report completed timely	100% of Monthly reports by end of 2nd Business Day of Next month.	100%	Review of the report resulted in reduced replication of data in the text that was provided in the tables, focusing the report on presenting processing and other relevant Department information.
3. REC briefing papers.	Complete Reports in time for DOM-LSA briefing session.	3 Briefing reports by deadline.	New staff assumed the lead roles in preparing these reports, with planned refinements to streamline the forecast process for FY 14.
4. Iowa Leading Indicators Index	Reports completed accurately with data available.	Report and memo released timely each month.	
5. State Fiscal Impact Estimates	According to deadlines set by the Governor and Legislature.	71% of estimates completed within 5 days.	With 142 formal fiscal estimate requests and an additional 38 informal requests, 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. Local Option Estimates	Estimates Released Timely.	Completed by the August deadline with updates completed by May deadline.	Staff will reassess technique for FY 2014 to attempt to improve accuracy of these estimates.

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Core Function: Tax Research and Program Analysis

Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
Tax Research and Program Analysis			
7. Special Tax and Policy Studies	As Requested.	Completed study on Disabled and Senior Citizen Property Tax Credit and Rent Reimbursement Program.	Work to enhance staff knowledge in all areas of federal and state tax policy.
8. Tax Credits Tracking and Analysis Program	Targeted Jobs Withholding Tax Credit, School Tuition Organization Tax Credit, and Tuition and Textbook Tax Credit evaluation studies completed in thorough and unbiased manner. Complete Tax Credit Claims Report. Complete Tax Expenditure Study including fiscal impact estimates of 400+ State tax expenditures.	Three evaluation studies completed and posted prior to the start of the 2013 Legislative session. Tax year 2010 Tax Credit Claims Report completed and posted May 2013. Property Tax, sales, and use, and tax credit tax expenditures completed and posted.	Provide basis for better decision making and better revenue estimates.