



Iowa Department of  
**REVENUE**

**PERFORMANCE REPORT**  
For  
**Fiscal Year 2023**

**Mary Mosiman**  
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

#### Taxes and Fees Collected and/or Administered

<b>Individual Income Tax/Withholding</b>	<b>Retailer's &amp; Consumer's Use Taxes</b>	<b>Hazardous Materials Permit Fee</b>
<b>Corporation Income Tax</b>	<b>Water Service Excise Tax</b>	<b>Insurance Premium Tax</b>
<b>Franchise Tax</b>	<b>Hotel/Motel Tax</b>	<b>Inheritance Tax</b>
<b>Moneys and Credits Tax</b>	<b>Local Option Sales Tax</b>	<b>Cigarette/Tobacco Tax</b>
<b>Replacement Tax</b>	<b>E911 Surcharge Fee</b>	<b>Real Estate Transfer Tax</b>
<b>Property Tax</b>	<b>Sales Tax</b>	<b>Fuel Taxes</b>
<b>One-time Fee for New Vehicle Registration</b>	<b>Car Rental Tax &amp; Vehicle Title Surcharge</b>	<b>Miscellaneous Other Taxes</b>

### Vision and Guiding Principles

Governor Reynolds has outlined four goals for her administration:

- Creating a competitive business climate
- Developing the most innovative energy policy in the country
- Educating our children for a knowledge economy
- Training Iowans for the jobs of tomorrow

The Iowa Department of Revenue does its part to support and further those goals.

IDR established the following *vision, values, goals, and key strategies* in its 2021-2023 Strategic Plan:

### **Vision**

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

### **Values**

- Integrity First
- Dedicated to teamwork
- Ready to serve

### **Goals**

- Provide clear and accurate information
- Deliver customer-focused tax administration

### **Key Strategies**

- We invest in technological advancements
- We create easy to use self-help options
- We refine processes to add value
- We promote voluntary compliance
- We strive to collect all known debt to the State of Iowa
- We reduce erroneous and improper refunds
- We invest in our human capital
- We collaborate with our internal and external partners

## **Core Functions**

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

### ***REVENUE COMPLIANCE AND COLLECTION***

The Department administers the operations of tax processing and collections by providing education and service so taxpayers can comply with tax filing and payment obligations, as well as perform appropriate procedures to collect unpaid liabilities. It is in compliance with Iowa's tax laws that the Department conducts its taxpayer examination and audit programs and resolves disputed tax issues.

### ***LOCAL GOVERNMENT ASSISTANCE***

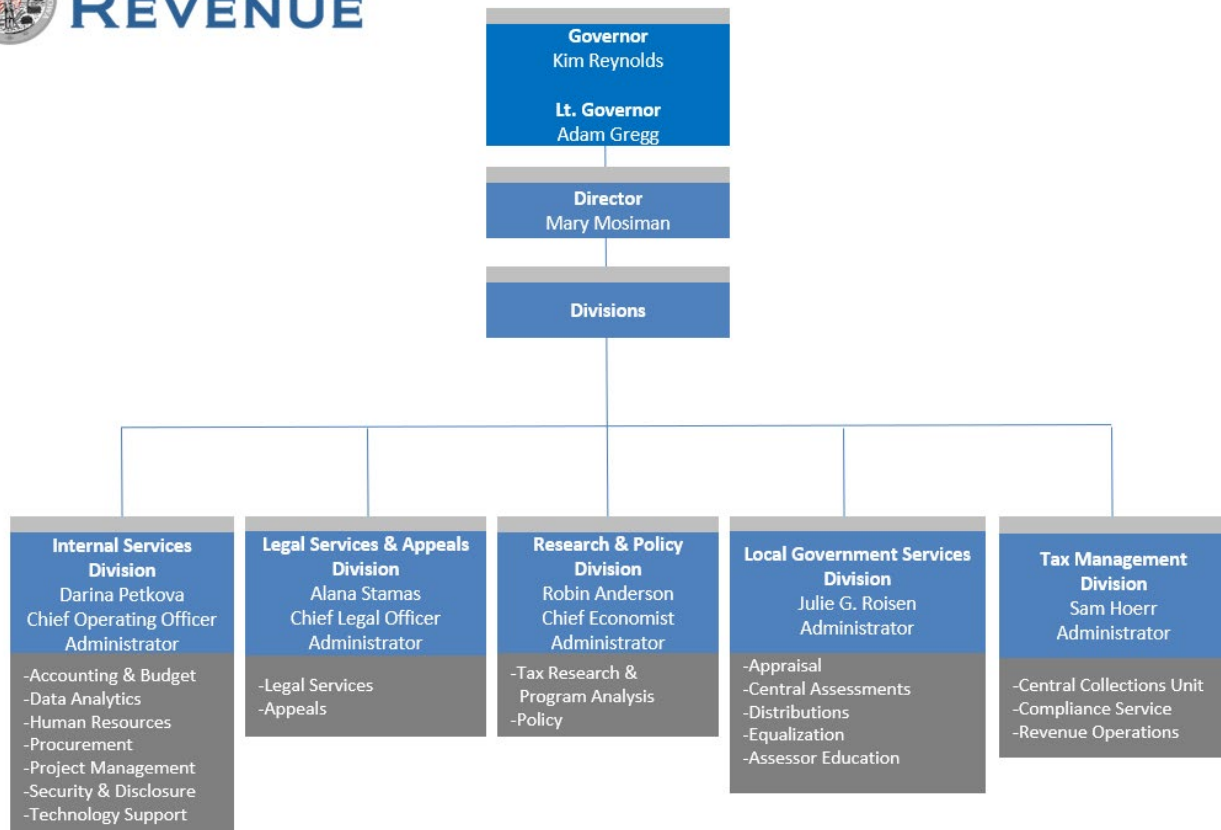
The Department provides support to local governments by administering just and uniform property assessments across the state. This function also administers programs for property tax relief, including administration of local option taxes, school infrastructure taxes, and sales tax increment programs.

### ***RESEARCH, ANALYSIS, AND INFORMATION MANAGEMENT***

The Department performs tax policy analysis, fiscal impact estimation, statistical research, and economic analysis to help stakeholders understand the impact of Iowa tax laws, and make informed decisions.

## Department Operational Divisions

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



<https://tax.iowa.gov>

The Department includes one board for budgetary purposes:  
Iowa Property Assessment Appeal Board

## **Customers**

IDR's customer base is, by its very nature, one of the largest of Iowa's state government agencies. In addition to all persons with tax responsibilities throughout the state and nation, IDR works with all levels of state, local, and federal governments, tax practitioners, business groups, state employees, the Legislature, and other state 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, while protecting them against fraudulent claims. Taxpayers also expect an audit billing to be accurate and understandable.

Each customer expects Department 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 IDR Director is Mary Mosiman. As of June 22, 2023, IDR had 346 full-time employees. All of IDR's contract-covered job classifications fall under the AFSCME bargaining agreement.

## **Goals, Measures, and Results**

IDR's strategic plan identifies two goals and a number of strategies to achieve those goals. This performance report summarizes the measures used to assess IDR's efforts to achieve those goals. In the pages that follow, three noteworthy achievements are highlighted. The rest of the report summarizes the results of each measure identified in IDR's fiscal year 2023 performance plan.

## KEY RESULT

### Core Function: Revenue Compliance and Collection

#### Goal: Provide Clear and Accurate Information

**Description:** IDR processes over 1.6 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 bill those who have not paid or who calculated their tax liability 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 focuses on taxpayer education by using networking, webinars, and in-person classes. IDR contacts taxpayers, tax preparers, and industry groups prior to initiating audit programs.

### Results

#### Performance Measure:

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

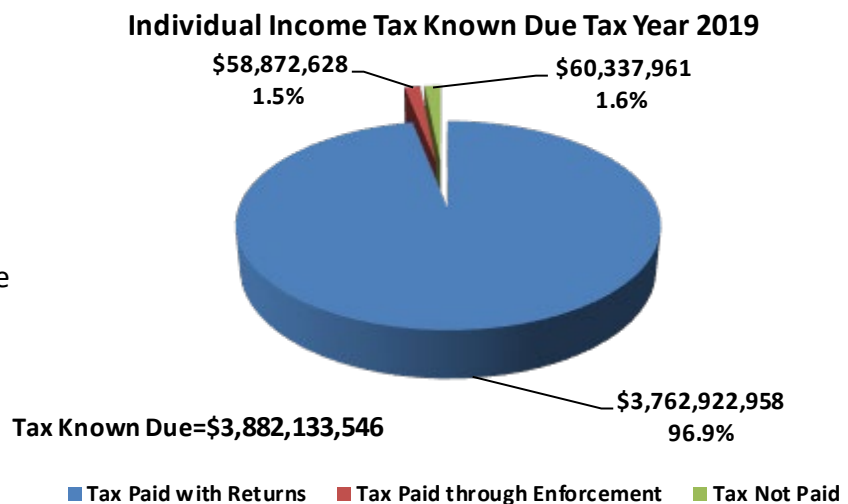
#### Performance Target:

At least 95% of individual income tax known due will be paid

#### What Was Achieved:

Within the three-year statute of limitations for tax year 2019 that closed during fiscal year 2023, 98.4% of tax known due was paid with returns and through enforcement.

"Tax Not Paid" is tax owed, but not collected within the three-year statute of limitations.



#### Data Sources:

IRIS individual return extracts, Collections reports, and Business Objects queries of tax return data

## KEY RESULT

### Core Function: Revenue Compliance and Collection

#### Goal: Deliver Customer-Focused Tax Administration

**Description:** The Compliance Service area of the Tax Management Division reviews returns covering 14 major taxes established by Iowa law. The 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. In order to reduce the need for future audits of the same taxpayer, audits are both educational and enlightening.

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

### Results

#### Performance Measure:

Enforcement costs as percent of revenue collected by the Tax Gap and Compliance teams

#### Performance Target:

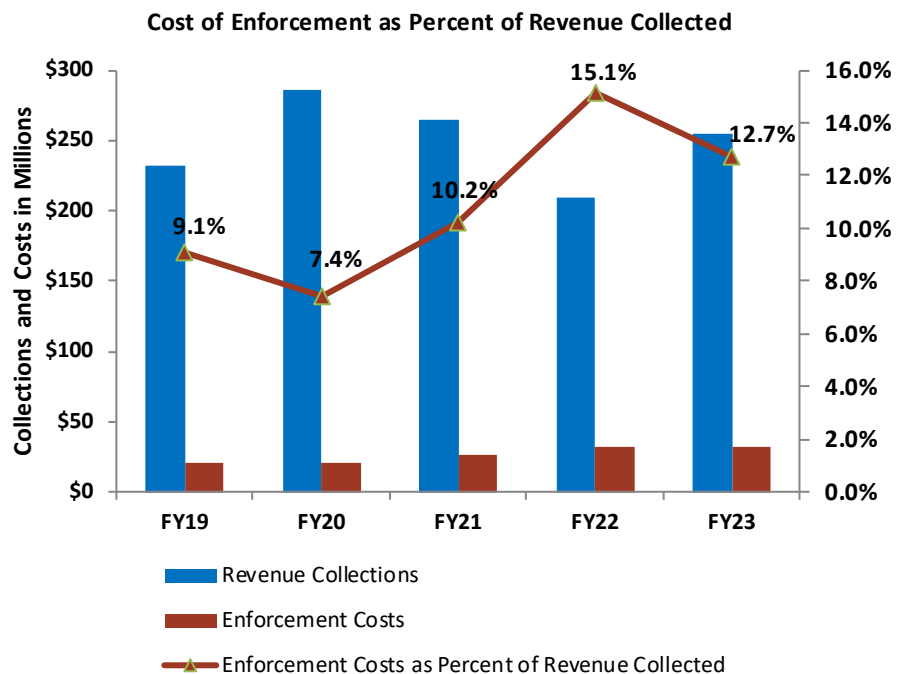
Cost of enforcement should be less than or equal to 10%

#### What Was Achieved:

Cost of enforcement equaled 12.7%

#### Data Sources:

Compliance Service return on investment and cost-benefit reports and Business Objects queries of tax return data





## KEY RESULT

**Core Function:** Revenue Compliance and Collection

**Goal:** Deliver Customer-Focused Tax Administration

**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 efficiency, while also facilitating more accurate returns for customers.

**What we are doing to achieve results:** For eligible taxpayers, IDR offers access to individual income tax return software with free filing. The various choices of individual income tax return software available for all taxpayers that can be accessed through the IDR website have been monitored to assure they are 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 individual income tax returns filed electronically

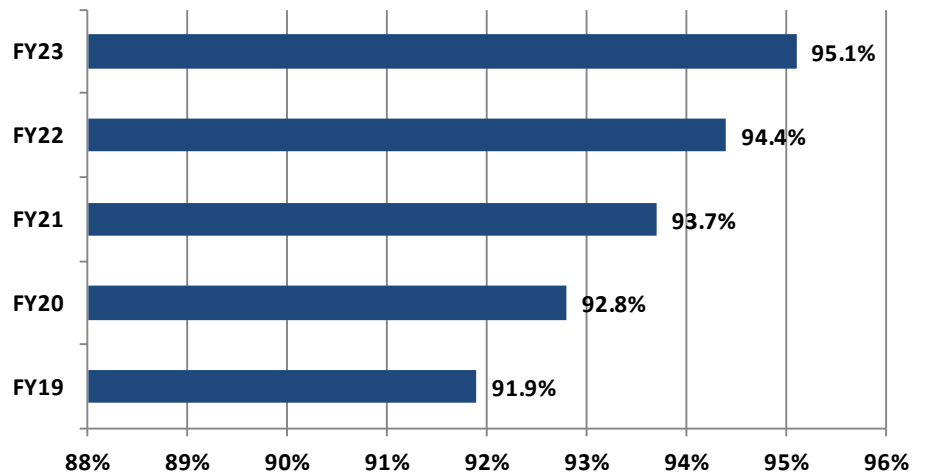
**Performance Target:**

Maintain 88% or more electronically filed individual income tax returns

**What Was Achieved:**

95.1% of current year individual income tax returns were filed electronically

Percent of Individual Income Tax Returns Filed Electronically  
Fiscal Years 2019-2023



**Data Sources:**

Internal Services Division reports and information systems

**Agency Performance Plan Results  
FY 2023**

**Name of Agency:** Iowa Department of Revenue

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**Core Function:** Local Government Assistance

<b>Local Government Services Division:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Percent of jurisdictions within statutory assessment level tolerance	Equalization orders result in a median ratio of 95% to 105% for 100% of jurisdictions	100.0%	
2. Percent of timely responses to policy questions regarding property tax administration	98% of written policy letters and communication with taxpayers and/or local government officials issued within one week	100.0%	
3. Percent of central assessments completed by the due date	100% of central assessments completed by October 31, 2022	100.0%	
4. Percent of required appraisals completed timely	100% of required appraisals completed during fiscal year	100.0%	
5. Percent of payments made timely	100% of required payments made during fiscal year	100.0%	

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<b>Property Assessment Appeal Board:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Percent of all appeals closed timely	90% of all appeals closed prior to second-half tax payment delinquency deadline	2021: 93% of appeals closed by second-half tax delinquency date 2022: 76% of all appeals closed to date	
2. Final Agency Action Orders timely rendered following contested case hearing	Appeals valued at <\$2 million: 90% closed within 45 days Appeals valued at =>\$2 million 90% closed within 90 days	< \$2 million closed within 45 days: 91%  >= \$2 million closed within 90 days: 75%	
3. Percent of appeals received electronically	75% of appeals will be filed electronically	84.0%	

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**Core Function:** Revenue Compliance and Collection

<b>Tax Management Division:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Percent of billed accounts resolved within 180 days	70%	51.7%	
2. Costs as percent of revenue collected by the Central Collections Unit	Less than or equal to 10%	9.6%	
3. Enforcement costs as a percent of revenue collected by the Tax Gap and Compliance Service teams	Less than or equal to 10%	15.1%	
4. Percent of individual income tax returns filed electronically	Maintain at least 88% of individual income tax returns filed electronically	94.8%	
5. Taxpayer service specialist availability rate	100% of individual available rates greater than 75%	74.0%	
6. Aggregate count of education outreach (Live presentations, GovDelivery posts, and count of viewers of webinars, You Tube videos)	19,925 contacts providing taxpayer education	33,991	

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<b>Tax Management Division:</b>			
<b>Compliance Service:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Percent of non-filer revenue established during the fiscal year that is collected	Collect 20% of non-filer revenue established during the same fiscal year	16.8%	
2. Percent of individual income tax known due paid within the three-year statute of limitations	At least 95% of individual income tax known due will be paid	98.4%	This measure will be deactivated for FY 24

<b>Tax Management Division:</b>			
<b>Central Collections Unit:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Non-Tax debt collected	\$10 million recovered during FY23	\$7.5 million	
2. Dollars of debt collected from all sources within 365 days	Collect \$75 million of debt within 365 days	\$161.6 million	

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<b>Tax Management Division:</b>			
<b>Revenue Operations:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Average Number of Days to Process Individual Income Tax Refunds	Average days to process current tax year individual income tax refunds is 30 days or less	27.5 days	
2. Maintain an average wait time of under 5 minutes	Maintain 90% of customer wait time under 5 minutes	55.0%	

<b>Internal Services Division:</b>			
<b>Human Resources:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Employee turnover rate	Annual turnover rate below 9.0%	8.4%	

**Agency Performance Plan Results  
FY 2023**

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**Core Function:** Research, Analysis, and Information Management

<b>Research and Policy Division:</b>			
<b>Tax Research and Program Analysis Section:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
1. Ratio of visualizations created and downloads of data sets created by the Department and posted on data.iowa.gov during the year	Ratio of visualizations and downloads per data sets posted on data.iowa.gov will exceed 250	1122:1	This measure will be deactivated for FY 24
2. Percent of high priority fiscal estimates submitted to Legislative Services Agency timely	75% of high priority fiscal estimates completed in five days	90.0%	
3. Percent of tax credit claims verified timely	100% of claims verified within 2 years of filing	100.0%	This measure will be deactivated for FY 24

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<b>Research and Policy Division:</b>			
<b>Tax Research and Program Analysis Section:</b>			
<b>Performance Measure</b>	<b>Performance Target</b>	<b>Performance Actual</b>	<b>Performance Comments &amp; Analysis</b>
4. Accuracy of the Iowa economic forecasts provided to the Revenue Estimating Conference	The mean absolute error for the economic forecasts provided to the Revenue Estimating Conference will be less than or equal to 5%	2.3%	
5. Accuracy of current fiscal year tax credit forecasts actual claims by tax credit type	The weighted mean absolute error for the current fiscal year tax credit March forecasts will be less than or equal to 10% of the actual claims measured the following March	46.3%	The Department continues to refine forecasting techniques to provide more accurate forecasts of tax credit claims.
6. Accuracy of current fiscal year aggregate tax credit claim forecast to actual claims	March aggregate tax credit claims forecast within 10% of the actual claims measured the following March	31.3%	The Department continues to refine forecasting techniques to provide more accurate forecasts of tax credit claims.