



Iowa Department of
REVENUE

PERFORMANCE REPORT
For
Fiscal Year 2020

Kraig Paulsen
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

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

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, goals, and key strategies* in its 2018-2020 Strategic Plan:

Vision

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

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

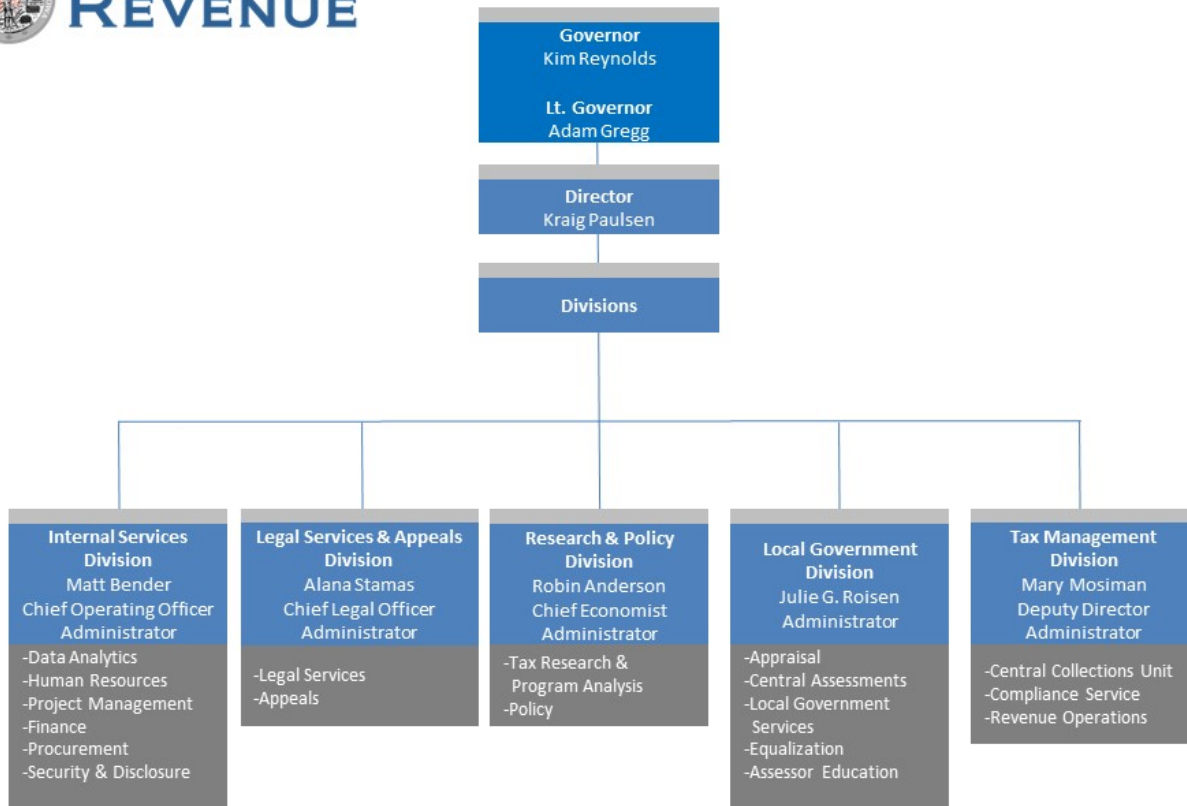
The Department provides support to local governments by administering just and uniform property assessments across the state. This function also administers programs for property tax relief, including administration of the business property tax credit, local option taxes, school infrastructure taxes, 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:
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 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 Kraig Paulsen. As of June 25, 2020, IDR had 282 full-time employees. There were 10 employees in the Cedar Rapids field office. There were 14 teleworkers and the remaining 258 employees were domiciled in Des Moines. All of IDR's contract-covered job classifications fall under the AFSCME bargaining agreement.

Goals, Measures, and Results

IDR's strategic plan identified 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, four noteworthy achievements are highlighted. The rest of the report summarizes the results of each measure identified in IDR's fiscal year 2020 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

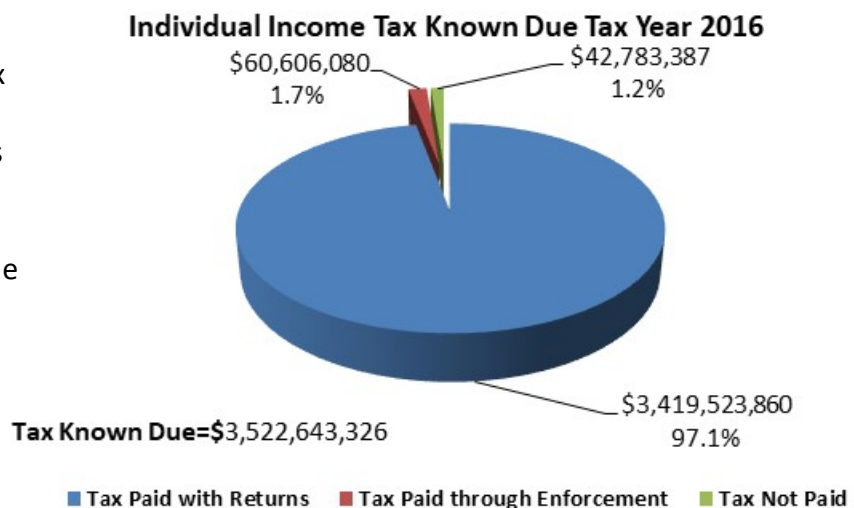
Performance Target:

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 2016 that closed during fiscal year 2020, 98.8% 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: With State agencies depending on IDR to process State tax revenues, it is imperative tax payments are processed timely and accurately. IDR strives to deposit at least 85% of payments 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 2019, 86.2% of receipts were deposited the same day as received. The majority of remaining receipts were paper checks. In fiscal year 2020, 99.6% of all receipts were deposited within 14 days.

Results

Performance Measure:

Percent of payments deposited on the same day as received

Performance Target:

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

What Was Achieved:

89.7% of payments received by IDR were deposited on the same day as received

Data Sources:

Internal Services Division reports and information systems



KEY RESULT

Core Function: Revenue Compliance and Collection

Goal: Deliver Customer-Focused Tax Administration

Description: The Compliance Services 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:

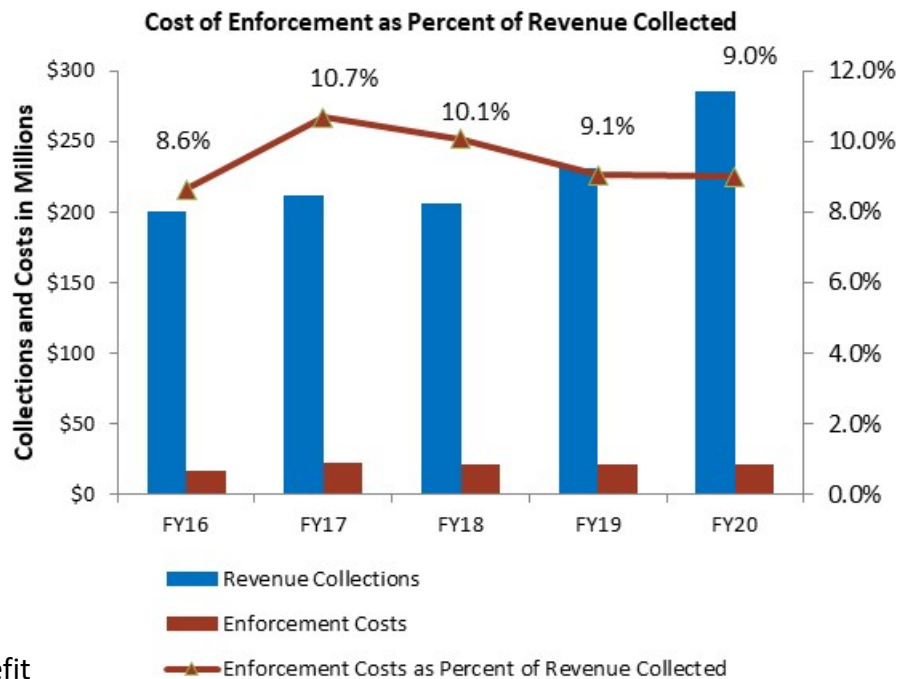
Cost of enforcement should be less than or equal to 10%

What Was Achieved:

Cost of enforcement equaled 9.0%

Data Sources:

Compliance Services 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

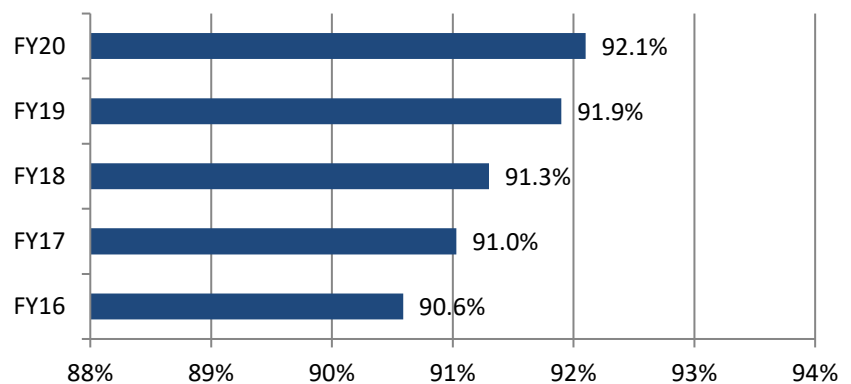
Performance Target:

Maintain 88% or more electronically filed individual income tax returns

What Was Achieved:

92.1% of current year individual income tax returns were filed electronically

**Percent of Individual Income Tax Returns Filed Electronically
Fiscal Years 2016-2020**



Data Sources:

Internal Services Division reports and information systems

**Agency Performance Plan Results
FY 2020**

Name of Agency: Iowa Department of Revenue

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Core Function: Local Government Assistance

Local Government Division:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
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, 2019	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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FY 2020**

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Core Function: Local Government Assistance

Property Assessment Appeal Board:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of all appeals closed timely	90% of all appeals closed prior to second-half tax payment delinquency deadline	2018: 97.4% of appeals closed by second-half tax delinquency date 2019: 73.2% 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: 79.2% >= \$2 million closed within 90 days: 80.0%	
3. Percent of appeals received electronically	75% of appeals will be filed electronically	90.6%	

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FY 2020**

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Core Function: Revenue Compliance and Collection

Tax Management Division:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of tax revenues received by electronic funds transfer	79%	85.5%	
2. Percent of billed accounts resolved within 180 days	70%	61.5%	
3. Percent of net debt (billings less adjustments) that did not get protested received within 365 days	60%	95.3%	
4. Costs as percent of revenue collected by the Centralized Collection Unit	Less than or equal to 10%	4.7%	
5. Enforcement costs as a percent of revenue collected by the Tax Gap and Compliance Services teams	Less than or equal to 10%	7.4%	
6. Percent of individual income tax returns filed electronically	Maintain at least 88% of individual income tax returns filed electronically	93.3%	

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FY 2020**

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Core Function: Revenue Compliance and Collection

Tax Management Division:			
Compliance Services:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
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	7.2%	
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	98.8%	

Tax Management Division:			
Collections Services:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Dollars recovered for collection partners	\$37 million recovered during FY19	\$44.1 million	
2. Dollars of debt collected from all sources within 365 days	Collect \$75 million of debt within 365 days	\$134.0 million	

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FY 2020**

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Core Function: Revenue Compliance and Collection

Tax Management Division:			
Processing Services:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of payments deposited on same day as received	85% of payments received will be deposited on the same day as received	89.7%	
2. Percent of cancellations, change requests, and registrations processed in 15 days	100% of change requests, cancellations, and registrations will be processed within 15 days of receipt by the Department	96.3%	
3. Percent of paper payments processed in 5 days	100% of all paper payments will be processed within 5 days of receipt by the Department	75.9%	

Internal Services Division:			
Human Resources:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Employee turnover rate	Annual turnover rate below 9.0%	9.1%	

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Core Function: Revenue Compliance and Collection

Tax Management Division:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Taxpayer service specialist availability rate	100% of individual available rates greater than 75%	97.0%	
2. Aggregate count of education outreach (Live presentations, GovDelivery posts, and count of viewers of webinars, You Tube videos)	19,925 contacts providing taxpayer education	20,757	
3. Number of tweet recipients, new Twitter followers, and Facebook likes to Department social media communications	50,900 recipients and followers	23,952	

**Agency Performance Plan Results
FY 2020**

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Core Function: Research, Analysis, and Information Management

Research and Policy Division:			
Tax Research and Program Analysis Section:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Percent of tax credit awards administered by the IDR issued within 90 days of application	75% of tax credit awards issued within 90 days of complete application	92.9%	
2. 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	2129:1	
3. Percent of high priority fiscal estimates submitted to legislative Services Agency timely	75% of high priority fiscal estimates completed in five days	79.7%	

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

Research and Policy Division:			
Tax Research and Performance Analysis Section:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
4. Percent of tax credit claims verified timely	100% of claims verified within 2 years of filing	98.7%	
5. 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%	1.5%	
6. Local Option Sales Tax initial estimates	90% of initial jurisdictions' distribution estimates will be within 10% of target distributions (95% of actual collections)	44.0%	The actual is lower due to the dramatic increase in online sales activity for the fiscal year.

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

Research and Policy Division:			
Tax Research and Performance Analysis Section:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
7. 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	22.3%	The Department continues to refine forecasting techniques to provide more accurate forecasts of tax credit claims.
8. 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	12.1%	The Department continues to refine forecasting techniques to provide more accurate forecasts of tax credit claims.

Research and Policy Division:			
Performance Analysis Section:			
Performance Measure	Performance Target	Performance Actual	Performance Comments & Analysis
1. Implement key performance indicators (KPIs) to monitor the Department's current goals	100% of the Department divisions have KPIs in place that monitor the Department's current goals	100.0%	