



Department of Revenue

**Performance Report
for
Fiscal Year 2025**

Mary Mosiman
Director

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Message From the Director

The Iowa Department of Revenue is proud to issue the FY25 Performance Report (Report). It includes information from three primary revenue-generators for the State of Iowa: tax, alcohol, and lottery.

Our teams have continued to strengthen operational and administrative activities across the Department. We are working collaboratively to streamline compliance efforts, make it easier to do business in Iowa, and provide a consistent customer experience. These initiatives have increased our efficiency and ensured our work remains focused on serving the people of Iowa. We continued to find synergy between our customer service operations and compliance activities, creating a more unified experience for Iowans as we continue to seek ways to promote ease of use, transparency, and consistency for our citizens and partners across the state.

The information in this Report will show the FY25 performance results of the Department. Numerous changes took place; the system integration of alcohol and lottery administration were initiated; and the core functions of responsible revenue generation and department optimization were redesigned. I commend the dedicated team of Department employees for their professionalism, expertise, and commitment to serving Iowans.

It is an honor and privilege to lead the Department of Revenue, and to serve the people of Iowa. I look forward to continuing to seek ways to operate strategically on behalf of the great state of Iowa.



Mission Statement

The mission of the Iowa Department of Revenue is to serve Iowans through the responsible collection and generation of revenue to support the public good.

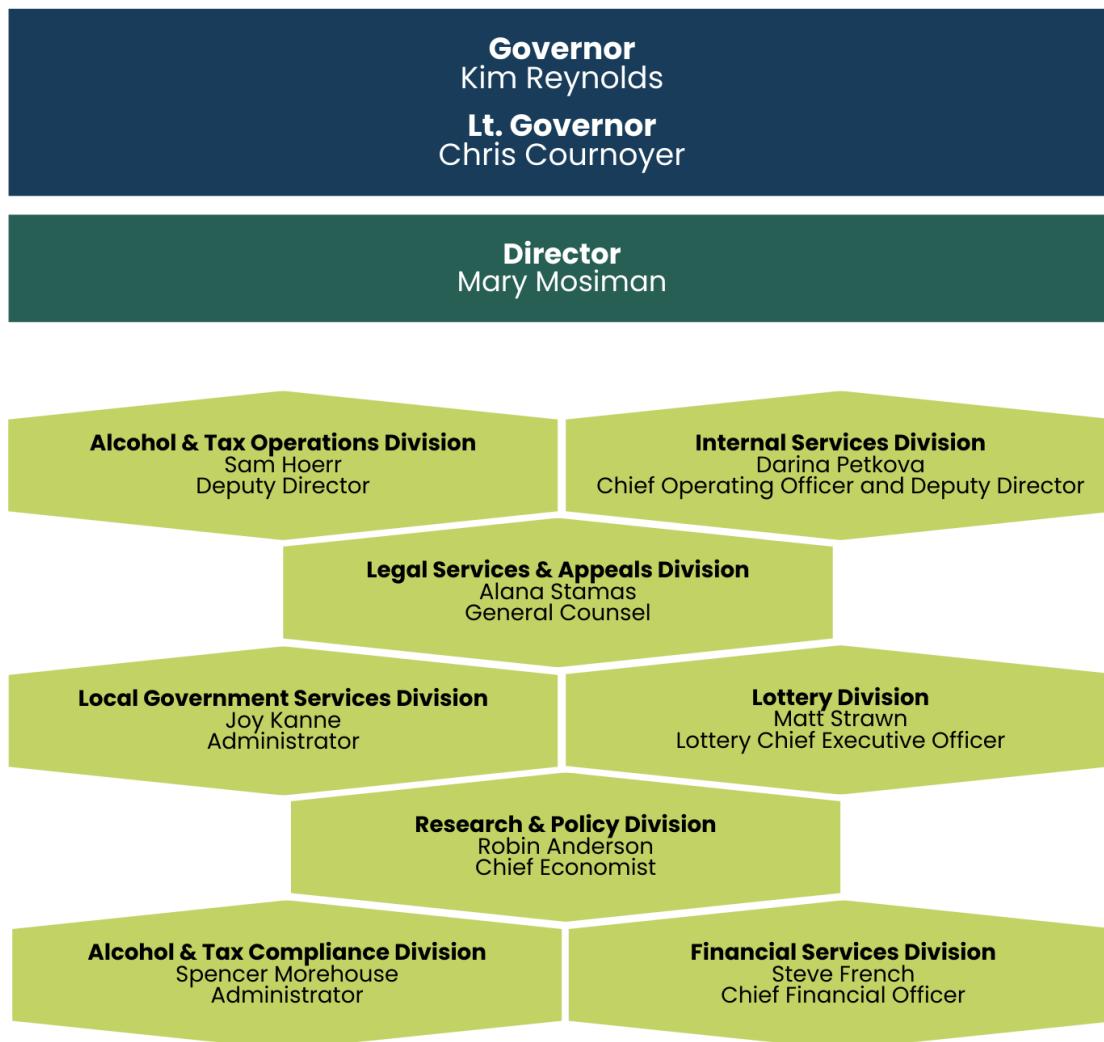
Vision Statement

Iowa will be a state that uses innovation to make it simple to comply with revenue laws and deliver fun and fair lottery experiences.

Values

Integrity first | Dedicated to teamwork | Ready to serve

Organizational Chart



Executive Summary

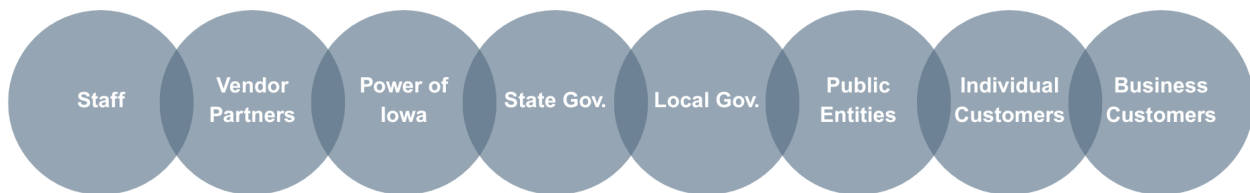
The Iowa Department of Revenue's Strategic Plan identifies two strategic initiatives, as well as the long-term goals and the key performance indicators tied to those goals with their respective targets. The initiatives that drive the Department's performance are Responsible Revenue Generation and Department Optimization. In contrast, IDR's FY25 Operational Plan identifies the key measures and their respective targets, set by Department leadership, that would guide the work of staff members on various programs.

This FY25 Performance Report will provide detail around the Department's performance against the measures set in the FY25 Operational Plan and highlight key improvements made in that fiscal year that got us closer to reaching our long-term strategic goals.

Progress Made in FY25 on Strategic Initiatives

FY25 efforts emphasize staff commitment to serving IDR customers and providing superior customer service.

Figure 1. IDR Customer Groups



Responsible Revenue Generation

Goal: Support revenue generation from alcohol and lottery sales through a responsive, consultative selling approach by FY28.

KPI: Manage gross sales and net proceeds as compared to prior year budget performance and five year average.

In FY25 the Lottery Division achieved sales of \$434.9M, exceeding budgeted sales by \$16.7M. In addition to overall game management, a key driver to exceeding overall sales was the complete refresh of the InstaPlay product category. With sales of \$32.1M, the category exceeded budget by \$8.1M, or a 33.7% increase over budget for InstaPlay.

KPI: Perform efficient and effective inventory management to meet the needs of the retailers and support Iowa's growing alcohol industries.

Alcohol Operations has worked to maintain an efficient and effective inventory management system. Some recent efforts have included reviewing warehouse configuration and listing/delisting procedures for improved inventory management.

Goal: Improve revenue generation by optimizing use of collections tools and back-end compliance programs by FY28.

KPI: Increase dollar amount of established debt collected within a year of being identified.

Collections developed an 'Outbound Calling Campaign' program which allowed us to manage inventory more effectively and, in turn, increased the amount of established debt collected more quickly.

FY25 performance - \$176,519,079.27 collected.

KPI: Increase total amount of debt managed and collected for partners by 10% through expansion of centralized collections activities.

In FY25 the Setoff team continued to meet with non-participating agencies on a regular basis and promoted the program. The Department enhanced the non-tax debt portal to improve ease of use for participants.

Goal: Complete the tax administration Modernization Program to streamline workflows, increase knowledge and improve efficiency by FY28, ending with a revenue benefit realization index greater than 1.

KPI: Utilize IMPACT and GovConnectIowa to automate front-end compliance programs and reallocate resources to back-end audit programs.

The Department changed the suspension rules of returns at the point of receipt (front-end) by offering options such as "Where's my Refund?" and capitalized on the functionality of the new system audit module (back-end) to improve staff efficiency.

Department Optimization

Goal: Improve customer service rates related to interactions with Iowans and Iowa employers by enhancing self-service and call center capabilities by FY28.

KPI: Utilize call center statistics to reduce abandonment rate and average call wait time.

In 2025 the Department's new cloud-based phone system enabled the use of new tools such as Bullseye routing, Virtual Hold, Voicemail Queues, and IVR Data Capture, resulting in improved call center statistics.

- **Bullseye Routing** - Expanded the pool of available agents and addressed long wait times and/or high call volume in queues. This tool ensured customer calls were routed to the best available agent while preventing excessive wait times or abandoned calls when certain call parameters were met (i.e. estimated wait time and/or calls waiting)
- **Virtual Hold** - Phone system held the caller's place in line and called them back when an agent was available. This tool automatically turns on when certain call parameters are met (i.e. estimated wait time and/or calls waiting).
- **Voicemail Queues** - Similar to Virtual Hold, the phone system offered customers the option to leave a voicemail for a callback versus waiting on hold when certain call parameters were met.
- **IVR Data Capture** - Phone queues addressed customer account questions/issues by collecting account information upfront which was sent to IDR agents allowing them instant access to the account within the Department's operating system. This reduced call handle times by eliminating the step of searching for customer accounts during the interaction.

Call Center Capabilities	2024	2025	Percent Improvement
Call Abandonment Rate	16%	9%	7%
Average Wait Time	5:25 min	1:24 min	74%

Goal: Expedite appeal processing by implementing streamlined procedures and leveraging potential automation tools to reduce the average time to close a case or move it to litigation to 18 months by FY28.

KPI: Establish a Department policy and framework for the use of Generative AI and Automation Tools.

The Department established an AI policy that serves as the primary guidance for the use of Generative AI by IDR staff and/or within related IDR activities. Generative AI technology usage should adhere to this policy, the AI principles set forth in this policy, the related AI procedure guidelines, other State of Iowa AI policies, and be consistent with applicable law. Additionally, the Department assigned a member of the Data Analytics Bureau to serve on the State of Iowa AI Working Group to support the enterprise with expertise and ensure IDR's compliance with State of Iowa AI policies and procedures.

KPI: Establish a Department framework for the assessment and evaluation of Generative AI use cases.

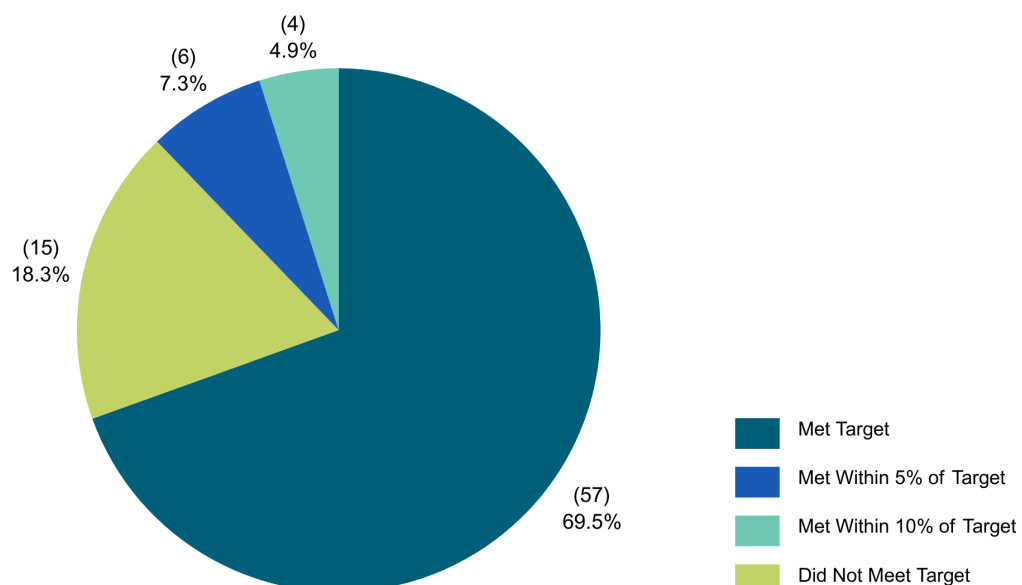
The Department established Artificial Intelligence Guidelines for evaluating business use cases. It is required that any proposed AI use cases are evaluated and approved by the Data Governance Committee before AI tools are deployed. Use cases are submitted to the Data Governance Committee Chair, the Chief Data Officer.

FY25 Operational Performance

Performance Against Targets

In FY25, the Department tracked 82 measures used to drive our operational performance (see **Figure 2**). Of the 82 performance measures, the Department met or exceeded 57. Of those missed, the Department had 6 measures within 5% and 4 measures within 10% of their target performance. Each measure was actively monitored by staff to assess progress and had a pre-determined action plan that would be triggered if the measurement was off track. This process helped the Department work toward continuous improvement and make adjustments throughout the year. For example, while we missed the target of processing 100% of alcohol license applications in 1 business day, we drastically reduced escalations and increased the speed with which we could help an Iowa business get started; we achieved 95% of our target.

Figure 2. FY25 Performance Against Targets



During FY25 IDR finished Rollout 4 and started Rollout 5 of its Modernization Program. This multi-year historic project is now coming to a close (12/2025). The Department anticipated that this transformational initiative of large scope and complexity would drastically diminish operational capacity and would adversely affect performance results. With 25-30% of the Department staff allocated to the Modernization Program, the limited capacity available to perform regular, operational duties presented a challenge in meeting several FY25 KPIs. We decided not to lower our targets and work toward achieving the performance level expected by our customers. We are now able to recalibrate, as we transition to post-modernization sustainment and gradually return to full operational capacity. With the completion of Modernization, the Department will reassess short-term and long-term goals and continue to take pride in providing top level customer service.

Major Accomplishments

The percent of inquiries sent to the Department of Revenue Electronic Funds Transfer Mailbox that get resolved within 10 Business Days: In FY25 we aimed to improve response times by resolving issues submitted via the IDR Electronic File Transfer inbox within 10 business days. By the end of the fiscal year, we kept the number of issues in the inbox below 30 and took action on 100% of the emails within 24 hours.

Employee Retention Rate: The Department's goal for FY25 was to improve employee retention. By implementing employee engagement strategies and effectively utilizing a mature organizational change management function, IDR was able to reach a 96% employee retention rate, well above the target of 85%.

The Percent of SendAMessage (SAM) Responses in 1 Business Day: GovConnectIowa: The Department places focus on customer service and its ability to meet Iowans' ever changing needs. Responding to customer inquiries with complete and accurate information in a timely manner is a key strategic objective. In FY25 IDR staff answered most of the messages (81%) received through the GovConnectIowa portal within 1 business day, exceeding the target for this measure by 6%.

Percentage of Requests in SMaRT Completed per Timeline: The legal staff started tracking assignments in SMaRT (project & portfolio management tool) in FY25 to better manage intake and staff workload and to monitor subject areas for staffing and cross-training needs. We used the measure as a way to encourage use of the tool, and to monitor our success. We exceeded our goal of project timeliness by almost 20%, and continue to use SMaRT in other ways to improve work management and to identify imbalances in workload.

Appeals - Average Months to Closure or Move to Litigation: The appeals staff had a goal to reduce the average time (<19 months) for an appeal to reach closure or litigation. By the end of FY25, the average was reduced to 16.59 months. Additionally, despite receiving the most appeals of any fiscal year, we reduced our overall inventory of appeals to the lowest number since FY21.

Percent of New 12 & 8 Month Applications Processed in 1 Business Day: Our goal for FY25 was to process new 12- and 8-month alcohol license applications within 1 business day. The goal was 100% and the FY25 actual was 95%. The number of applicants that received communication from the department in 1 business day drastically reduced escalations and increased our speed of helping Iowa businesses get started quickly; our customers have appreciated the focus and attention they receive.

Dollars Billed in Back End Programs: In FY25 we had a goal of \$70M billed in back-end compliance programs. The actual FY25 amount billed was \$178M. The compliance team was able to demonstrate the effectiveness of our new system module for audits, including non-tax filer audits, as well as improve the ability to find and correct taxpayer errors.

Number of Commercial Appraisals Produced: The appraisal team set a goal to perform 900 commercial appraisals across the state which would positively impact the equalization efforts of 75 counties. By the end of

FY25 the appraisal team was able to insert 12 additional counties in the review process and complete 1,045 appraisals to support a total of 87 counties. This ensured even greater uniformity of assessment levels for commercial property.

Average Number of Days that Declarations of Value are in “Examiner Review” Stage: The equalization team maintained efficiency of the Declaration of Value review process to ensure assessors received timely and accurate sales data for use in equalization even in the midst of a major software rollout. The initial target was a 7-day review process and by the end of FY25 the team had shortened the process to 5.5 days.

Dollars Collected in Tax Debt: The team had an aggressive target of \$75M Dollars Collected in Tax Debt, and achieved \$79.5M in collections by leveraging the newly implemented collection tools in IDR's modernized revenue generation platform.

Percentage Return on Alcohol Sales: In a time of declining or flat alcohol sales nationwide, Alcohol Operations had a goal of maintaining a 25% net profit on alcohol sold. Focusing on process improvements, the Department updated its operational procedures, achieving 28.69% net profits for the year.

Percent of Policy Projects Completed by Deadlines: One measure for FY25 was to complete policy requests by set deadlines. This was a new performance indicator. The team was able to complete 85% of projects timely, over the 75% goal. Exceeding this goal shows that staff in the Policy section is efficient at completing tasks to meet expectations and the needs of the Department.

Mean Absolute Error for Economic Forecasts Provided to Revenue Estimating Conference: One goal for FY25 was related to economic forecasting error. The team kept the mean absolute error for the economic forecasts at 0.94 percent, well below the 5.0 percent mean absolute error threshold. Exceeding this goal displays the accuracy for Research and Policy economic forecasting.

Percent of All Retailers Checked for Compliance: The Iowa Lottery has an annual measure of its security investigators conducting undercover, unannounced compliance checks at 20% of the approximately 2,500 licensed Iowa Lottery retailers. These checks include ensuring compliance with both state law regarding the sale of lottery products, but also compliance with the terms and conditions of the retailer licensing agreement. In FY25 the Iowa Lottery met and exceeded this measure by performing compliance checks at 25% of all licensed Iowa Lottery retailers.

Total Lottery Sales from all Product Categories: The Iowa Lottery exceeded its FY25 measure in generating total lottery portfolio sales of \$434.9 million across the four product categories. Those categories include Scratch Tickets, Lotto/Draw Games, InstaPlay, and Pull-Tabs. The Iowa Lottery's FY25 performance was highlighted by three product categories exceeding FY25 sales targets.

FY25 Performance Measures

The table below provides details on IDR's performance against the measures listed in the Department FY25 Operational Plan.

FY2025 Measure Code	FY2025 Measure	FY2025 Target	FY2025 Actual	FY2025 Target Met?
212_52100_001	Percentage Utilization of Warehouse Capacity	90	66.24 ¹	Did not meet target
212_61100_003	% New 12 & 8 Month Applications Processed in 1 Business Day	100	95	Did not meet target
212_61100_004	% Renewal 12 Month Applications Processed within 60 Days	100	90	Did not meet target
212_61100_005	% Renew Apps Past Expiration With Letters Sent w/in 1 Week	100	100	Met Target
212_61100_006	% All Other Application Requests Processed w/in 2 Weeks	100	66 ²	Did not meet target
212_61100_007	% Audits, Investigations, and Inspections Completed	100	100	Met Target
212_61100_008	% Alcohol Licensee Tax Compliance	100	85 ³	Did not meet target
212_61101_005	Total Sales Tax Liability Assessments from Alcohol Invest.	1,600,000	2,046,793	Met Target
212_61102_001	Number of Tobacco Compliance Checks on Retail Outlets	7,000	6661	Did not meet target
212_61200_001	% Non-Sale to Minor Cases Resolved <6 Months of Assignment	25	98.76	Met Target
212_61200_002	% Sale to Minor Cases Resolved <6 Months of Receipt	25	87.5	Met Target
212_61201_001	% Compliance Rate - Retail Tobacco Checks for Underage Sales	100	91	Did not meet target

¹ In FY25, reduced production of distilled spirits by suppliers resulted in lower inventory levels which led to lower warehouse usage.

² Preparation for Rollout 5 of IDR Modernization, system downtime, and increase in call volume caused the reduction in efficiency and missed this target of application processing time.

³ This measures audit compliance from the taxpayers. In this case, the definition of compliance references audits with no additional tax liability due. This means that 85% of our alcohol tax audits yielded no additional tax due from the taxpayers and 15% resulted in a tax liability.

FY2025 Measure Code	FY2025 Measure	FY2025 Target	FY2025 Actual	FY2025 Target Met?
212_76_003	% of Alcohol Revenues Transferred vs. Targeted Amount	2	1.41 ⁴	Did not meet target
212_76100_003	Net Profit Over Total Liquor Sales	30	36,906,798	Met Target
212_76101_006	Alcohol Operations: Actual Alcohol Sales	445,000,000	430,489,901	Did not meet target
212_76102_005	Percentage Increase in Revenue Per Delivery	0	-4.93 ⁵	Did not meet target
212_76102_006	Percentage Increase in Revenue Per Gallon	0	-1.05 ⁵	Did not meet target
212_76102_007	Percentage Decrease in Cost Per Delivery	0	2.94 ⁵	Did not meet target
212_76102_008	Percentage Decrease in Cost Per Gallon	0	8.69 ⁵	Did not meet target
212_76201_001	Percentage Return on Sales	25	28.69	Met Target
625_25100_001	% Assessor Cert Decisions Issued & Continuing Ed Verified	100	100	Met Target
625_43101_023	% Accurate Payments to Local Governments by Deadlines	100	100	Met Target
625_43101_024	% Appraisals & Assessments Conducted by Deadlines	100	100	Met Target
625_43101_025	% Accurate Assessments to Local Governments by Deadlines	100	100	Met Target
625_43101_026	% Accurate Property Tax Tech. Info Provided in 10 Bus. Days	100	99	Did not meet target

4 The reversion for FY25 was reduced due to decreased overall sales of distilled spirits in the State of Iowa. This decline aligns with national trends of lower alcohol consumption. Despite the decrease in sales, the Division successfully reduced expenses in key areas, including Cost of Sales and Operating Expenses. Additionally, Non-Operating expenses were lower compared to the previous year.

5 Alcohol sales in Iowa and across the nation have experienced a decline in FY25, attributable to several factors. These include shifts in consumer habits post-pandemic, such as increased moderation and a preference for staying at home; heightened health awareness; economic challenges like inflation impacting discretionary spending; and increased competition from emerging categories such as THC-infused beverages and seltzers. Additionally, there is a noticeable shift away from "super premium" spirits, with consumers increasingly opting for non-alcoholic alternatives or seeking out local, experience-oriented venues like craft breweries.

FY2025 Measure Code	FY2025 Measure	FY2025 Target	FY2025 Actual	FY2025 Target Met?
625_64101_008	% of State Fiscal Impact Estimates Completed Timely	75	100	Met Target
625_64200_001	% High Priority & Informal Fiscal Estimates Complete in 5 BD	75	100	Met Target
625_64200_002	Mean Absolute Error for Economic Forecasts Provided to REC	5	0.94	Met Target
625_64201_001	Average Number of Business Days to Process Payments	5	9.66 ⁶	Did not meet target
625_64201_002	Avg # of Business Days to Process Returns/Correspondence	19	23.63 ⁶	Did not meet target
625_64201_003	Average Keying Error Rate	0.02	0.02	Met Target
625_67101_001	% of Legal/Policy Projects Completed by Deadlines	75	85	Met Target
625_67102_017	Number of Days from Vacancy to New-Hire Start	90	49.25	Met Target
625_67102_018	Employee Retention Rate	85	96	Met Target
625_67200_001	Percentage of Requests in SMART Completed per Timeline	75	94.7	Met Target
625_67201_001	% Non-Response Rate for the AI-Supported Chatbot: The Kernel	10	7.14	Met Target
625_73_007	Enforcement Costs as a Percent of Revenue Collected	10	13.8 ⁷	Did not meet target
625_73101_012	Average Number of Days to Process Refunds	30	22	Met Target
625_73303_013	% Customer Satisfaction for Data Analytics Services	75	93.8	Met Target

6 The inability to meet targets was driven by aging imaging equipment and data capture software, which limited performance as data consumption requirements increased under the new modernized operating system. Targets have not been updated to reflect new system requirements.

7 The recent tax rate reductions affected the total amount billed to Iowa taxpayers versus what had been expected. Also, with Individual Income Tax having gone through IDR Modernization in FY24, we only had Audit/Discovery programs up and running for less than half of FY25.

FY2025 Measure Code	FY2025 Measure	FY2025 Target	FY2025 Actual	FY2025 Target Met?
625_73303_014	IMPACT / GovConnectIowa System Interventions Days to Resolve	30	5	Met Target
625_73303_015	Service Requests (SQR) Resolved % vs New SQRS	80	92.85	Met Target
625_73303_016	% of Issues Sent To IDR EFT Mailbox Resolved in 10 Bus. Days	100	99	Did not meet target
625_73303_017	% Web Forms Abandoned: GovConnectIowa	55	38.37	Met Target
625_73303_018	% Eligible Customers with Paperless Delivery: GovConnectIowa	30	27.54	Did not meet target
625_73303_019	% SendAMessage (SAM) Responses in 1 Bus. Day: GovConnectIowa	75	81	Met Target
625_73304_002	% of Leads Billed vs. Leads Closed for Back End Programs	70	87.33	Met Target
625_73304_003	Dollars Billed for Back End Programs	70,000,000	178,581,828	Met Target
625_73407_001	% of Returns Resolved within 30 Days	100	99.94	Did not meet target
625_73408_001	% of Certificates of Assessment Published by Due Date	100	100	Met Target
625_73409_001	Avg # of Days - Declarations of Value in Examiner Rev. Stage	7	5.5	Met Target
625_73413_001	% Forecast Accuracy for Aggregate Tax Credit Claims in March	10	21.98 ⁸	Did not meet target
625_73413_002	Percentage of Tax Credit Claims Verified Timely	100	100	Met Target
625_73413_003	% Tax Credits Issued w/in 90 Days of Completed Application	75	100	Met Target

8 The forecast is based on historical tax credit claims. A number of factors contributed to the accuracy of tax credits claims forecasts in FY25. There were untimely or incomplete tax credit award data from awarding agencies. The claims forecast is based on data concerning the value and timing of awards that is provided by awarding agencies. Another reason the accuracy was off was because the processing of tax credit claims were delayed due to Modernization efforts that created a layer of uncertainty in the forecast. Recent changes as a result of Modernization have improved the timeliness and accuracy of external agency award data and with full implementation of Modernized systems, this will no longer be a factor.

FY2025 Measure Code	FY2025 Measure	FY2025 Target	FY2025 Actual	FY2025 Target Met?
625_73415_001	Percentage of Billed Accounts Resolved within 180 Days	70	58.8 ⁹	Did not meet target
625_73415_002	Dollars Collected in Tax Debt	75,000,000	79,496,844	Met Target
625_73417_001	Appeals - Average Months to Closure or Move to Litigation	19	16.59	Met Target
625_73419_001	% Forms, Rules, & Guidance Reviewed - Accuracy & Compliance	100	100	Met Target
625_73423_001	% Forms, Rules, & Guidance Reviewed - Accuracy & Compliance	100	100	Met Target
625_73430_001	% Refund Claims Processed within 6 Months of Receipt	100	100	Met Target
625_73431_001	% Compliance w Abstract & Reconciliation Filing Requirements	100	100	Met Target
625_73432_001	Number of Commercial Appraisals Produced	900	1,045	Met Target
625_73433_001	% of Replacement Tax Certifications Issued by Deadline	100	100	Met Target
625_73434_001	% of Statewide Property Tax Liability Paid	100	100	Met Target
627_31100_101	Percent of Investigated Complaints	100	100	Met Target
627_31100_102	Percent of External Requests Investigated by Security Div	100	100	Met Target
627_31100_103	Percent of Internal Requests Investigated by Security Div	100	100	Met Target
627_31200_101	Percent of all Lottery Retailers Checked for Compliance	20	25	Met Target
627_31200_102	% of Retailers Checked for Compliance after Complaint	100	100	Met Target

⁹ Some of the reasons we identified for missing this target were more estimated bills, more pay plans versus paid in full accounts, and unworked inventory. Collections is working on a better inventory management process that will improve the measurement to meet our target, along with pursuing more inventory at any given time.

FY2025 Measure Code	FY2025 Measure	FY2025 Target	FY2025 Actual	FY2025 Target Met?
627_31200_103	% New Lottery Retailers with Compliance Check <90 Days	100	100	Met Target
627_67100_002	Lottery Operations: % Scratch Tickets Shipped vs. Generated	100	100	Met Target
627_76100_001	Total Instant Ticket Sales	265,000,000	290,059,550.10	Met Target
627_76200_001	Total Online Game Sales	117,893,500	97,741,623.00	Did not meet target
627_76300_001	Total Pull-Tab Sales	10,800,000	15,059,579.94	Met Target
627_76500_001	Total InstaPlay Sales	23,991,500	32,074,845.00	Met Target
627_76600_001	% of Operating and Advertising Costs Out of Total Sales	8.5	5.37	Met Target
627_76600_002	% of \$600+ Prizes Paid w/in 24 Hours of Ticket Verification	100	100	Met Target
627_76600_003	External PSA Advertising Placed in Dollars	230,000	231,250	Met Target
627_76601_001	Total Lottery \$ Sales From All Product Categories	417,685,000	434,935,598.04	Met Target
627_76602_001	% Scratch Tickets & Pull-Tabs Loaded - Central Gaming System	100	100	Met Target
627_76602_002	% Completed State Change Action Requests within 90 Days	100	100	Met Target